

Management accounting change in a Chinese state-owned enterprise-An Institutional Perspective

A thesis submitted in fulfilment of the
requirements for the Degree of

Master of Commerce

Department of Accounting and Information
Systems

University of Canterbury

Christchurch, New Zealand

By Min Li

2010

Acknowledgments

Firstly, I would like to express my gratitude to my superior, Dr. Keith Dixon, who initially gave me the support and confidence to do this study, and always provides me great suggestions and comments to improve the quality of the paper throughout the study period. I also would like to thank my associate supervisor Associate Professor Beverley Lord, from whose lecture, I benefit a lot. I do appreciate her patience, encouragement and professional instructions during my thesis writing.

Secondly, I would like to say thank you to my greatest parents, who always support me to continue to study, and my fiancé, who takes a good care of me during the period of study.

Abstract

Primarily, this research provides insight on a management accounting change in a Chinese state-owned enterprise (SOE) from institutional perspective. Comprising a qualitative field study, the research examines and explains how and why a management accounting change occurred in the SOE, which is the oldest and largest beer producer in China. The study focuses on the introduction and usage of a Balanced Scorecard (BSC), at both the headquarters and the factory level of the organization. The framework of institutionalization proposed by Burns and Scapens (2000) is utilized as the theoretical framework for this research. The major findings take the form of a comparison between the usage of the BSCs at the headquarters and at the factories. It is found that higher resistance to change occurred in the factories than at headquarters and resulted in the rules required by these management accounting practices to be only loosely coupled with routines embedded in everyday working activities, as the factories carried on brewing their beer. In contrast, behaviors at headquarters were more tightly coupled with the rules of the revised accounting practices. This diversity in the effect of the change process may be explained by the new management accounting practices entailing rules that fit better with the activities and routines carried out at headquarters, and so being more easily institutionalized. In contrast, institutionalization has not had much success in the factories primarily because of a lack of fit between complying with the new rules and maintaining the success of brewing operations, and because of historical circumstances that the factories have had some independence in operational matters,

although part of an organizational hierarchy. Given the location of this study in a Chinese setting, the findings may contribute that, despite its Western roots, institutional theory may explain the low success rate of the implementation of the BSC in China.

CONTENTS

1. Introduction	1
2. Literature Review	4
2.1. The Balanced Scorecard	4
2.1.1. Performance Measurement	4
2.1.2. Strategy implementation	6
2.1.3. Communication	9
2.2. Management Accounting Change	10
2.2.1 Institutional theory.....	12
2.2.2. Burns and Scopes's' (2000) framework	13
2.3. Loose coupling.....	16
2.4. Management Accounting Change in Emerging Nations around Asia	17
3. Research Method	21
3.1. Methodology	21
3.2. Domain	22
3.3. Method	23
3.3.1 Interviews.....	23
3.3.2 Document Analysis	26
3.3.4. Non-Participant Observation.....	27
3.3.5 Limitations	27
4. Descriptive Analysis.....	31
4.1. Revolution of Chinese SOEs and Background of Tsingtao Brewery.....	31
4.2. The adoption of the BSC at Tsingtao Brewery	36
4.2.1. Background to adoption of the BSC.....	36

4.2.2.	Initial training and blueprint of the BSC.....	37
4.3.	Analysis	41
4.4.	Comparison of BSC Usage at Headquarters and Factory levels	42
4.4.1	Overall BSC Usage.....	43
4.4.1.1.	Headquarters.....	43
4.4.1.2.	Factories	44
4.4.1.3.	Analysis.....	45
4.4.2.	Templates, Measures and Performance Measurement.....	48
4.4.2.1	Headquarters.....	48
4.4.2.2.	Factories	52
4.4.2.3.	Analysis.....	54
4.4.3.	Strategy implementation and Communication	56
4.4.3.1	Headquarters.....	56
4.4.3.2	Factory	60
4.4.3.3.	Analysis.....	62
4.4.4.	Future plans.....	65
4.4.4.1	Headquarters.....	65
4.4.4.2	Factory	65
4.4.4.3.	Analysis.....	67
5.	Interpretation and Theorising.....	70
5.1	The process of Institutionalization	70
5.2	Loose coupling.....	77
5.3	Formal vs Informal Management Accounting Change	79
6.	Conclusion.....	81

References	84
Appendix: Detail of documents	94

1. Introduction

Institutional theory has become prominent since the 1990s in examining management accounting practices and explaining how and why these remain the same or change (Ezzamel, Lilley & Willmott, 1993; Lukka, 2007; Modell, 2003; Siti-Nabiha & Scapens, 2005). In the same period, interest in management accounting practices in emerging nations in Asia, such as China, Malaysia and India, has grown among researchers writing in the English language academic media (Firth, 1996; Scapens & Nor-Aziah, 2007; Tang, Gao & Du, 2006). However, studies in emerging nations using an institutional theory perspective are rare, and those that exist emphasize influences of external environmental factors, such as culture, economic or political issues. Institutional theory has seldom been used to illuminate the process of management accounting change within its intra-organizational context (Burns & Scapens, 2000).

In this research, a qualitative field study is undertaken of a change in management accounting practices, namely the application of a balanced scorecard (BSC), an idea that has proved a popular management control initiative since it was first articulated by Kaplan and Norton in 1992 (see Gautreau & Kleiner, 2001; Neely, 2003). The domain¹ (Ahrens & Chapman, 2006) of the study is Tsingtao Brewery, the oldest and

¹ Ahrens and Chaman (2006) described five concepts which are critical in qualitative field studies, namely, theory, domain, methodology, hypothesis and method. The domain addresses the place where the data are gathered.

largest beer producer in China. Once wholly owned by the Chinese government, and still regarded as a state owned-enterprise (SOE), since 1993, it has had some private shareholders, including Asahi Ltd, and AB InBev. But the Chinese government is still the largest shareholder with 30% of Tsingtao Brewery shares.

By the time that data were collected for this study, the BSC had been used in the company for five years. It was first introduced as a strategic management technique in 2004. According to a study informant, the BSC was in widespread use at company headquarters and in factories by the end of 2005. Having collected data from the domain and begun to interpret them, the researcher explored the possibilities of using institutional theory as a means to facilitate the interpretation, and conversely of the data being used to extend the theory.

During the period of research, a few issues were observed. First, there was diversity in the usage of the BSC in the factories and at headquarters levels. Second, although the BSC was claimed to be implemented successfully in the company, how it was being used differed from the original design and from what was expected by the company. Third, there were plans for further changes of the BSC usage. From these findings, questions arose as to, how the BSC had changed or evolved in the company; why there was diversity in the usage of the BSC in different areas in the organization; and how the BSC has influenced the company as a whole. Institutional theory seems a suitable choice to explain these issues.

As some authors have asserted institutional theory can explain and be used to analyze processes of management accounting change in an individual organization. Scapens (2006) also claimed that individual organizational management accounting change is most likely to be understood and described by old institutional economics (OIE). The framework of Burns and Scapens (2000) is used to review and analyze the findings of this study. Burns and Scapens use OIE approach to examine how rules and routines are involved in the process of management accounting change in the organization.

This report is structured as follows. In the next section, literature related to the critical concepts is discussed. The concepts reviewed include: the BSC, management accounting change, institutional theory, Burns & Scapens' (2000) framework, loose coupling and management accounting change in emerging nations in Asia. Then the research method is described. In the subsequent section, descriptive analysis is provided, focused on a comparison of the BSC usage between headquarters and the factories. There is then interpretation and theorising. Conclusion and ideas for further research are provided in the last section of this report.

2. Literature Review

This chapter is split into several parts. The first starts with a critical review of the literature on the BSC. It discusses three widely defined attributes of the BSC, namely, performance measurement, strategy implementation and communication. The next reviews some literature on management accounting change. It then narrows down to discuss the literature on management accounting change from the perspective of institutional theory. An important framework induced and explained by Burns and Scapens (2000) is discussed. The notion of loose coupling is then reviewed. At last, the literature of management accounting practices in several emerging nations around Asia is reviewed.

2.1. The Balanced Scorecard

The BSC has been promoted as a performance measurement system and a tool for strategy implementation and communication. This section gives a brief overview of the literature on these three attributes of the BSC.

2.1.1. Performance Measurement

Kaplan and Norton (1992) first presented the BSC as an innovative management tool to measure organizational performance from various perspectives, including: financial, customer, internal business and learning and growth perspectives. They also claimed that there is a cause and effect relationship among the four perspectives, in this order: measures of the learning and growth perspective influence measures of the internal

business perspective, which in turn influence measures of the customer perspective, which determine measures of the financial perspective (Kaplan & Norton, 1992, 1996). This assumption of the cause and effect relationship of these four perspectives is presented as being able to overcome historic problems of a traditional accounting system based solely on financial measures at a point of time (Kaplan & Norton, 1996). According to Kaplan and Norton (1996), “the balanced scorecard complements financial measures of past performance with measures of the drivers of future performance” (p. 8). Some scholars take the uncritical view that the BSC can work effectively as a performance measurement tool (Lyons & Gumbus, 2004; Latshaw & Choi, 2002; Berkman, 2002).

However, there are also criticisms of the BSC as a performance measurement tool. Norreklit (2000) argued that the basic assumption of cause and effect in the BSC is overly simplified and misleading. There are also timing difficulties because a cause and effect relationship requires a time lag between the cause and the effect, which is not included in the BSC. Another problem of the BSC argued by some scholars is its exclusion of many important perspectives that could influence the success or failure of the organization, such as suppliers, employees, the environment, community issues, and so on (Bourne, 2002; Brignall, 2003; Marr & Adams, 2004). Bourne (2002) asserted that suppliers and employees are critical elements that can affect an organization’s future development. By ignoring them, the organization may lose a large amount of its ability to compete in a dynamic business environment. However,

Kaplan and Norton (1996) argue that the employee is a critical part of the learning and growth perspective and the supplier is part of the internal process perspective. Other criticisms emphasized that other perspectives should be added to the BSC relate to the environment and the community, which are believed to be essential factors for an organization's sustainability (Bourne, 2002; Brignall, 2003). Kaplan and Norton (2001) and others suggested that adoption of the BSC should be flexible and adapting it to different situational influences (Butler, Letza & Neale, 1997; Debusk, Brown & Killough, 2003). However, it has been found that adding these perspectives can be problematic, such as causing over quantification and increased computerization (Paranjape, Rossiter & Pantano, 2006).

2.1.2. Strategy implementation

Kaplan and Norton (1992) admitted that the BSC was regarded primarily as a performance measurement tool. After continuous development of the BSC, they claimed the BSC could be utilized as a strategic planning and implementation system that could align a company's long-term strategy and short-term action (Kaplan & Norton, 1996, 2001). Long-term strategy is translated into short-term objectives, goals and measures for each perspective of the BSC. The objectives, goals and measures at different levels of the organizational hierarchy should be communicated and aligned with organizational strategies (Paranjape et al, 2006). Moreover, Kaplan and Norton (2001) suggested designing a strategy map before implementing the BSC. They

claimed that a “strategy map makes explicit the strategy embedded in a chain of cause–and–effect logic that connects the desired outcomes from the strategy with the drivers that will lead to the strategic outcomes” (p. 69). In addition, the strategy map provides a guide on how to execute strategies for creating value by linking both tangible and intangible assets (Kaplan & Norton, 2004; O’Connor & Feng, 2005). Some researches give support to the BSC being utilized as a strategic implementation tool in a variety of organizations, such as the public sector (Greatbanks & Tapp, 2007), healthcare organizations (Inamdar, Kaplan & Reynolds, 2002), and local government (Kloot & Martin, 2000). Kaplan and Norton (2004) also claimed that the BSC could work as a control device. O’Connor and Feng (2005) showed that “the BSC was useful in helping to manage the intangible assets, specifically with regard to the focusing and benchmarking role of the Key Performance Indicators (KPIs) that were set for every part of the firm” (p. 29). By implementing the BSC, intangible assets are aligned and fully integrated with the organizational goals and strategies.

Although the above researchers claim positive results in implementing the BSC as a tool for strategic management and related matters, this attribute has also received some criticism. Norreklit (2000) concluded that the BSC can not serve as a strategic implementation tool very well. The implementation of the BSC is hierarchical and top-down (Kaplan & Norton, 1996). However, in order to be an effective strategic implementation tool, the BSC has to be incorporated and understood by management and employees (Norreklit, 2000; Olve, Roy & Wetter, 1997). Because of the

top-down pattern, employees at lower levels of the organization are not acting on their own, they are merely reacting to the strategies made by the top management. Therefore, it can cause an inconsistency between the strategy planned and the strategy expressed in action. Effective communication in the direction of employees to management can be the solution to this problem. This communication would facilitate interactions rather than reactions (Norreklit, 2000).

Furthermore, Butler et al (1997) claimed that, although Kaplan and Norton made recommendations to take a step-wise approach for implementation, there is still lack of clear guidance for implementation of the BSC. They argued that overemphasis on localizing the “global” BSC framework has caused less focus on basic concepts: the necessity to provide clear guidelines, and substantial interpretation related to the linkage between strategy and performance measures (Butler et al., 1997). Kaplan and Norton (2004) published a guide to support the implementation process, but it is argued there is a necessity for further research to test it (Atkinson, 2006). In addition, Grembergen et al. (2003) asserted that some contextual conditions may either facilitate or impede the BSC implementation. In order to properly implement the BSC, a greater strategic focus and strong management control are necessary.

2.1.3. Communication

Communication difficulties and low middle management skill levels are “practical” problems regarding implementing of strategy (Alexander, 1985; Beer & Eisenstat, 2000; Umashev & Willett, 2008). Kaplan and Norton (2001) claimed that the BSC is designed as a framework to describe, communicate, and educate staff about the strategy in a continual and holistic way. They gave details of successful cases where the BSC was used as an effective communication tool. Huang and Hu (2007) showed that the BSC could improve alignment of four different elements of information technology in an organization: integrated planning, effective communication, active relationship management, and an institutionalized culture of alignment. The results also show that both horizontal communication for department level alignment and top-down communication alignment of IT business were achieved by properly implementing the BSC (Huang & Hu, 2007).

Atkinson (2006) also claimed, based on previous literature (Alexander, 1985; Otley, 1999; Beer & Eisenstat, 2000), that the BSC can identify communication issues while the strategy is being implemented in an organization. It means the BSC can become a guide for instruction and a target to show people what they should do, and it can also either implicitly or explicitly motivate people to communicate more in order to achieve personal goals aligned to the organization’s strategy. Atkinson (2006) stated that “if the balanced scorecard is implemented fully and participatively itself, it can engage management in an evaluation of the strategic plan and thus avoid planning

errors and discourage oversight” (p.1454). However, Atkinson also warned that the BSC is not a magic tool that can help every organization without considering the organization’s effort and planning in implementing the BSC. As well as the BSC enhancing and enabling communication, communication could also be an important factor in determining the effectiveness of implementation of the BSC.

From the discussion above, it can be concluded that the BSC has received much attention from researchers and practitioners, regarding performance measurement, strategy implementation and communication attributes. In this research, these three attributes of the BSC are evaluated and further explained and analyzed, integrating some theoretical concepts that are described in the rest of this chapter.

2.2. Management Accounting Change

Management accounting change has been a popular topic to research in the past 20 years. Many aspects related to management accounting change have been discussed and developed both by scholars and practitioners. The topic on whether the management accounting has changed received much attention. Some authors, notably Johnson and Kaplan (1987) claimed that the fundamental nature of management accounting changed little between 1920s and 1960s. In contrast, other scholars reached the opposite opinion, claiming that environmental conditions (e.g.

information systems, competitive markets, organizational structures) in which management accounting is embedded have changed, which led to change in management accounting (Ezzamel et al., 1993). Furthermore, Drury et al (1993) claimed that the so-called change in management accounting is mainly reflected in a change in management tools or techniques, rather than the basic ideology of management accounting.

One of the schools of research focuses on developing and discovering management accounting innovation and practices of change (Ittner & Larcker, 1998; Kaplan & Norton, 1996). The development of management accounting in the last two or three decades can be partly attributed to a change in techniques. These changes include: a cost management focus change from product manufacturing to product design; an internal management accounting emphasis to an external management accounting emphasis; and a change from a solely financial perspective to both financial and non-financial perspectives. Changes in management philosophies have resulted in the use of new management accounting techniques, such as Activity Based Costing and Six Sigma. However, of these it is the BSC that has received the most attention, as reviewed above.

Another focus of literature on management accounting change that has been widely discussed refers to why and how management accounting has changed. Some research has examined factors that influence management accounting change, either as forces or barriers (Kasurinen, 2002; Schwarze et al., 2007). These factors were divided into

three groups by Innes and Mitchell (1990) namely: facilitators, motivators and catalysts. Kasurinen (2002) and Schwarze et al. (2007) tried to explain and analyze management accounting change by identifying these relevant factors. However, Quattrone and Hopper (2001) argued that these factors can only explain certain changes that occur in organizations, they are unable to explain the nature of management accounting change, as there is a lack of relevance between these factors.

Burns and Scapens (2000) criticised previous literature for concentrating on the outcome of management accounting change, rather than the process of management accounting change. Burns and Scapens (2000) used institutional theory to develop a framework to explain and analyze the nature of the management accounting change process. This institutional theory framework has been widely used to examine and analyze why and how management accounting changes take place. It is reviewed in next two parts of chapter.

2.2.1 Institutional theory

A definition of institution that has been commonly used is “a way of thought or action of some prevalence and permanence, which is embedded in the habits of a group or the customs of a people” (Burns & Scapens, 2000, p. 5). There are three widely recognized forms of institutional theory, namely the previously referred to OIE (Scapens, 1994), new institutional economics (NIE) (Williamson, 1975), and new

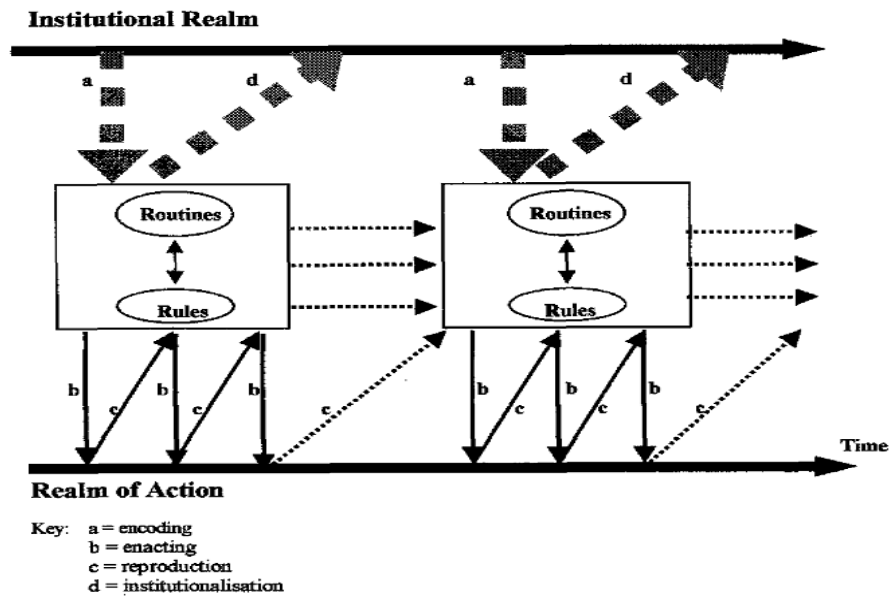
institutional sociology (NIS) (DiMaggio & Powell, 1983). All three forms are widely used in the accounting literature. According to Scapens (2006), OIE uses the concept of institutions to explore how different actions and behaviours become part of an organization's day-to-day operations. NIE uses economic theories to explain and reveal different institutional arrangements. NIS focuses on understanding the influence of external pressures and processes on organizations. These three forms of institution theory are all concerned with institutions but take different viewpoints to explain the change process (Burns & Scapens, 2000).

2.2.2. Burns and Scopes's' (2000) framework

This research focuses on OIE to discuss the findings of this case study, as OIE helps explain changes in the internal management accounting practices in an individual organization.

Burns and Scapens (2000) used OIE to explore management accounting change by emphasizing the importance of rules and routines in management accounting practices. They developed a framework to explain the “process” of management accounting change (see Figure 1).

Figure 1 : The Process of Institutionalization



(Source: Reproduced from Burns & Scapens, 2000, p 9)

Burns and Scapens (2000) defined rules and routines as important elements of management accounting practices that influence and are influenced by institutions of the organization. Rules are defined as how things should be done; routines are what are actually done in practice. As shown in figure 1, there are four steps in the process of institutionalization, namely, encoding (labelled a), enacting (b), reproduction (c) and institutionalization (d). The line across the top of the figure represents institutions, which are the taken-for-granted ways of thinking in the organization. The line along the bottom of the figure is the action that people actually do in day-to-day operations. The top and bottom lines are related socially by rules and routines. When a new management accounting tool or practice is introduced to an organization, the new practices are influenced and shaped by the existing institutions in the organization,

which are reflected in the day-to-day activities of individuals or groups. The new practices may also influence the day-to-day activities. The repeated day-to-day activities may lead to modification or development of new routines and rules. The last step represents a new institution, formulated by rules and routines, being reproduced through the behaviors of individual actors. Burns & Scapens (2000) also claimed this framework contains both “synchronic” and “diachronic” possibilities, which means the process might happen at a particular time or over a long period of time.

In addition, Burns and Scapens (2000) listed three categories of resistance that may be identified in the process of management accounting change: formal resistance caused by conflicts of interest; resistance because of an inability to use the tool; and resistance due to a “mental allegiance” to old practices. Furthermore, they identified three dichotomies namely, formal versus informal change; revolutionary versus evolutionary change; and regressive and progressive change. The first dichotomy is very useful to explain the findings of this study: formal versus informal change. Formal change is usually introduced by a powerful group in a ceremonial manner; informal change occurs at a tacit level, as repeated actions become day-to-day operational routines.

2.3. *Loose coupling*

Loose coupling, which originates in the literature on organizational decision making (Weick, 1976), occurs when there are deviations between planned/imposed rules and actual practices within organizations. The difference between loose coupling and decoupling are refined by Orton and Weick's (1990) study. Loose coupling describes a circumstance of elements being related to each other, but still maintaining independence of each element. The decoupling reveals a situation between elements that are completely independent, with no reciprocational responsiveness. Loose coupling may occur in different locations and positions within an organization, and the degree and strength of the independence depends on the loosely coupled elements (Orton & Weick, 1990).

It has been suggested by Seo and Creed (2002) that loose coupling is a potential explanatory factor for institutional change. Nor-Aziah and Scapens (2007) described a loosely coupled budget system as the outcome of day-to-day interactions between operational managers and accountants in a Malaysian public utility. They claimed that loose coupling can be recognised as the outcome of the process of management accounting change in the company. In addition, Lukka (2007)'s study described a case company with an unsolved longstanding problem relating to standardization, and further showed that flexible and well developed informal routines can act as a solution to solve the problem and save the formal change of management accounting. It further

proved the findings of Burns and Scapens (2000), claiming that change and stability can occur simultaneously.

2.4. Management Accounting Change in Emerging Nations around Asia

As management accounting change has received much attention from scholars, they have moved their attention to some emerging nations, such as Malaysia, India and China. Most research in these nations has focused on the influence of external environmental pressures on management accounting change. Anderson and Lanen (1999) illustrated how changes of management accounting have been driven by economic reform in India since 1991. Nor-Aziah and Scapens (2007) explored and examined a management accounting change process in a Malaysian public utility during the period of corporatization, showing that loose coupling occurred between accountants and operation managers as the consequence of day-to-day operations of the management accounting systems. The important notions of trust, resistance and power are involved in the process of loose coupling.

A few studies have discussed the management accounting practices or innovation in China, as a result of the rapid development of the economy in China. Tang et al., (2006) examined the usages of modern management control systems by four big

Chinese SOEs. They found some factors likely to motivate the decision to adopt new management control tools include environmental uncertainty and the inability of existing management control. In addition, their evidence indicates that these companies used more than one tool at the same time, such as the BSC with budgeting systems, and they show that although four SOEs all adopted BSCs, the BSC was only used in the very beginning stages, basically used for evaluating the strategies.

Firth (1996) studied the transition from central economic planning to company privatization in China. His results showed that there were more changes made in companies that had foreign partners compared with those companies solely owned by Chinese. Firth (1996) used the theoretical framework of institutional isomorphism, to describe the diffusion of management accounting innovations in the Chinese companies he analyzed.

Liu et al (2009) explored the driving mechanisms that influence environmental management in China by using institutional theory. Their survey results revealed that there is a positive relation between the external mimetic force and environmental management levels in firms in China. They also indicated that environmental issues are often taken as an opportunity to improve the company's image. In addition, public issues like neighbourhood communities and media can also drive the firm to improve their environmental management as normative power for further development of the firm.

In contrast, a survey of management accounting practices by Sulaiman et al (2004) in four Asian countries (Singapore, India, Malaysia and China) showed that there is a lack of use of the management accounting innovations (ABC, TQM), as the traditional management approach (budgeting) still occupies the leading position.

Although there is increasing attention to the management accounting change in emerging nations, research to explain why and how management accounting changes is scarce. Furthermore, the focus of these studies is usually on their specific cultural, economic or political circumstances, they rarely study the intra-organizational context. In addition, the literature shows that the BSC is popular in these countries. Many companies in China, especially large companies have used the BSC. The Chinese government has encouraged companies to learn and absorb advanced management tools and thought from western countries. However, the success ratio is not very high. Although many large companies have spent large amount of money and time on it, the performance of the BSC has not achieved their expectations. Indeed, the Assistant Director of the Strategic Department of Tsingtao Brewery told me that during a recent telephone conversation between him and an expert from E-gate (the former BSC consultant company used by Tsingtao Brewery), the expert was very surprised that Tsingtao Brewery was still using the BSC, because many of their customers had given up quite a long time ago.

Thus, drawing on the literature discussed in this chapter, this study focuses on management accounting change processes in the context of internal environmental issues in a Chinese SOE. The research questions of this study are as follows :

Why did management accounting change take place in the SOE?

How and why did the processes of management accounting change differ within various parts of the SOE?

3. Research Method

3.1. Methodology

A qualitative field study was judged to be the most appropriate method for this study for the following reasons. First, the selection of the most appropriate research methodology depends on assumptions that are made about ontology and epistemology (Burrell & Morgan, 1979; Ryan, Scapens & Theobald., 2002). That is, what the researcher believes is the nature of a phenomenon (ontology) will influence the way the researcher believes knowledge can be gained and understood (epistemology), which then affects the process of research implemented (Ryan et al., 2002). Having reflected on previous studies and her experience, the researcher come to the opinion that reality is a social construction, that people's behaviour depends on their free will, knowledge is gained through interpretation, and thus that hermeneutical methods are appropriate to carry out research (Burrell & Morgan, 1979). Given the researcher's ontological and epistemological stance, qualitative research is the best option.

Second, qualitative research is an ideal method when a holistic, in-depth investigation is needed, and when the outcome is drawn from investigation and interpretation of insiders' views. This is because during the research period the researcher can get involved in the day-to-day running of an organization (Bryman & Bell, 2007; Yin, 1991).

Third, Ahrens and Chapman (2006) claimed that doing qualitative field research is a “profoundly theoretical process”. The research seeks to explain the social reality based on previous approved theory (see literature reviewed in previous section) through the process of research, integrating with method, methodology and knowledge. The research field chosen is an interesting area of management accounting change, being the implementation of BSC in a Chinese SOE. During the process of research, institutional theory was found useful to explain the data collected, and to interpret the process of building a social structure.

3.2. Domain

A single case was chosen for this study. Evidence was obtained from multiple sources in the single case study (Smith, Whipp & Willmott, 1988), in order to improve the level of validity and reliability of the research (McKinnon, 1989). The evidence was gathered through interviewing, document analysis and non-participant observation.

The research domain is Tsingtao Brewery Co. Ltd, a brewery established in 1903 by German and British merchants under the name Nordic Brewery Co., Ltd-Tsingtao Branch. It is the oldest beer producer in China, and it has developed a reputation as the country’s most famous and largest beer producer. In 2009, the total sales volume of Tsingtao Brewery was 5.91 million kiloliters globally, with a yearly growth rate of

about 9.9%. Net profit reached 1.253 billion Yuan, which had increased by 79.2% compared with 2008. Tsingtao Beer is exported to 62 countries and regions all over the world (Tsingtao, 2009).

3.3. Method

The research was conducted between November 2009 and February 2010 in the case company. A former director of Tsingtao Brewery is a friend of a relative of the researcher and helped her to gain initial access to the company, arranging the first meeting at Tsingtao Brewery. This took place at the headquarters and the researcher was introduced to the assistant director of the Strategic Investment Department. He provided a general introduction about the BSC implementation in the company, including a departmental BSC and a personal BSC that were being used at headquarters. The initial contact person then helped the researcher to gain access to three factories of the company, known as No.1 factory, No.2 factory and No.4 factory.

The researcher used three sources of evidence to collect data, include interviewing, document analysis and non-participant observation. The details of how these three methods are utilized to collect data in the case company are reviewed below.

3.3.1 Interviews

Interviewing, the most widely used source of evidence in case study research, is a flexible process to find out how interviewees understand and explain the issue, event,

or behaviors that are being studied (Bryman & Bell, 2007). This study used semi-structured interviews, with some fixed questions that were asked to every interviewee, and with impromptu questions to follow up matters mentioned by the interviewees (Bryman & Bell, 2007).

A total 11 people were formally interviewed (see Table 1), two of them twice. Interviews lasted for between 20 minutes to 1 hour 15 minutes. In addition, a few more people were conversed with in a less formal way. The interviewees were from a variety of positions and levels in the organization, in order to improve the degree of validity and reliability of the study (McKinnon, 1989). The researcher visited headquarters and three factories of the case company. Three departments were visited: Strategic Investment Department, Human Resource Department, and Management Department. In No. 1 factory, the researcher had a formal interview with the director of the Human Resource Department. In No. 4 factory, the researcher interviewed the BSC administrator of the Human Resource Department. In No. 2 factory, the researcher was able to interview the staff from five different departments, including: Human Resource, Brewing, Financial, Packing and Production Departments.

Two interviews were recorded by taking notes, as interviewees declined to be recorded by digital recorder. The rest of the interviews were all recorded by digital recorder. All interviews were transcribed subsequently by researcher and only crucial parts are translated by researcher. The interview data were analyzed using a coding method. The data were divided into different levels of components with names

relating to important issues of this research. Each level of component was interpreted subsequently.

Table 1: Detail of interviewees

	Department	Position	Date	Length
Headquarters	Strategic Investment	Assistant director	18/11/2009	32 mins
			02/08/2010	33 mins
Headquarters	Strategic Investment	Senior Staff	18/11/2009	20 mins
Headquarters	Business Enterprise Planning (Management)	Knowledge Management Manager	24/11/2009	1 hour
			10/02/2010	54 min
Headquarters	Human Resource	Assistant Director	27/01/2010	46 mins
No. 4 Factory	Human Resource	BSC Administrator	08/12/2009	1 hour
No. 1 Factory	Human Resource	Director	07/01/2010	75 mins
No.2 Factory	Human Resource	Senior Staff	26/01/2010	40 mins
No.2 Factory	Packing	Staff	26/01/2010	24 mins
No.2 Factory	Financial	Staff	26/01/2010	20 mins
No.2 Factory	Brewing	BSC Administrator	26/01/2010	23 mins
No.2 Factory	Production	Staff	28/01/2010	20 mins

The questions asked during interviews focused on the current usage of the BSC within the company, and the different ways that the BSC has evolved in the company, including the implementation rules of the BSC and activities that have been related to the BSC day-to-day practices.

3.3.2 Document Analysis

All related documents that could be accessed have been analyzed and evaluated. These documents include personal documents (e.g. examples of the BSC, training materials, CEO conference minutes), official documents (e.g. newsletters, policy documents, training materials, advertising, and internal newspapers), and mass media (e.g. newspaper articles) (Bryman & Bell, 2007). The details of documents have been listed in the appendix.

Documents can provide abundant information about the research topic from different points of view. However, it is important to question the quality of documents before recognizing them as resources. There are four criteria suggested by Scott (1990) that can be used in the filtering process: authenticity (the validity of the document), credibility (the reliability and correctness of the document), representativeness (whether the document represents most situations) and meaning (whether the document is understandable and trustworthy). The documents were analyzed and coded as evidence only if they met the above four criteria. The document analysis

process focused on information about different templates that the company used in different stages, the hard evidence that supports the routine of the BSC implementation, and formal training material that has been produced to promote the BSC.

3.3.4. Non-Participant Observation

The researcher spent one and a half days in No. 2 factory. During that time, the researcher not only visited five major departments and interviewed one employee from each department, but also was taken on a tour to have a close look at the beer production line. In the rest of the time, an office with a window along one wall was given to the researcher in the Human Resource Department. The researcher was allowed to go around the department and observe the ordinary working activities of staff. By observing people's ordinary working activities, the researcher could gain implicit data. Photos of the production line, staff's working life, and some newsletters on the wall were taken as part of the data resource.

3.3.5 Limitations

There are a few possible limitations of this research. Firstly, there were data access limitations. The researcher was only allowed to talk to certain people, access certain areas in the company and to view certain documents (McKinnon, 1989). Because of

the one-year time frame for this research, the researcher only had limited time to spend in the company. The researcher had no chance to observe what happened before she arrived and after she left (McKinnon, 1989). Therefore, the data that the researcher collected was restricted to what could be gained during the research period only. However, interviewees were able to recall events before the research, and documents from earlier periods were viewed. As the rules and policies of SOEs are stricter than those of any other type of organization in China, there were some difficulties for the researcher in accessing certain documents, events or people. This research sought an extensive view of the use of the BSC in the case company, from different levels and different positions within the organization. However, the researcher only had access to people at department level and below. The researcher did not have an opportunity to talk to the people at the top management level. In addition, Human Resource Departments of factories led the implementation of the BSC at factory level. Therefore, Human Resource Departments were always the first access point for the researcher to get into factories. Most of the employees believe that the staff from Human Resource Departments are more familiar with the BSC than other departments.

To overcome these limitations, method and data triangulation were employed in this research to improve the reliability and validity (McKinnon, 1989). Different methods, such as interviewing, document analysis, and non-participant observation were used. Thus, some data that were otherwise restricted may be able to gain from other sources

(McKinnon, 1989). Interviews were supplemented by documents given by internal employees and secondary data collected from the media, which included opinions purported to be expressed by the top management team. Moreover, the researcher handled the information sensitively and well to make sure the people from the organization felt free to get along and talk with the researcher (McKinnon, 1989).

Secondly, there is some interpretative bias in the process of translation between Chinese and English. All interviews were conducted in Chinese and transcribed by the researcher herself, Chinese being her first language. However, because she had previously learned about the BSC in English and in settings outside China, she may have mistakenly translated some words and ideas used during the interviews. Indeed, at the beginning of the research, the researcher found it hard to translate some of her knowledge of the BSC into Chinese. In addition, some misinterpretations may have occurred when the researcher translated some words from Chinese into English, as one English word may have several Chinese words to describe it and vice versa. Therefore the words used in the translation between languages may not give these nuances of meaning. The researcher has studied some related materials to reduce the possibility of these problems, and all quotations in this research report are given in both Chinese and English.

Thirdly, Patton (2001) claimed that the credibility of qualitative research largely depends on the ability and effort of the researcher, rather than on a research instrument, as in quantitative research. The lack of experience and skills in observing

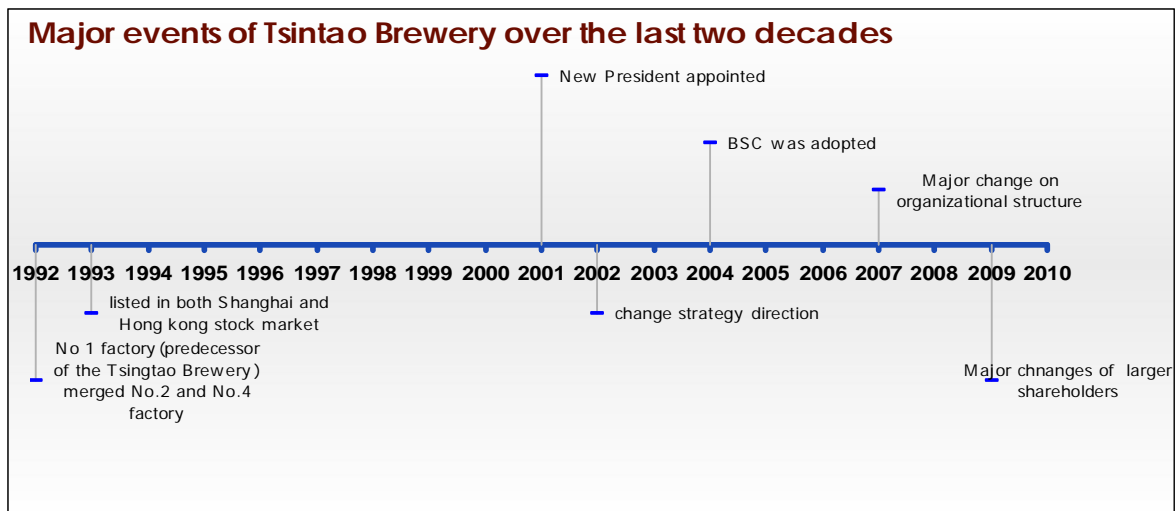
and interviewing may have influenced the accuracy and completeness of the findings. There is also the problem of observer bias, where the researcher, because of prior preconceptions, may only perceive what she expects to see (McKinnon, 1989). The potential solution to observer bias is to spend a substantial length of time at the research site. Although there were some restrictions on the amount of time available for this research, the researcher tried her best to be well organized during this period of time, and spent as much time as possible at the research site. The researcher was also well prepared, trying to gain as much information as possible and develop interviewing and observation skills, before getting into the organization.

4. Descriptive Analysis

4.1. Revolution of Chinese SOEs and Background of Tsingtao Brewery

This research was conducted in a SOE in China. The rapid growth of the Chinese economy can be largely attributed to the reform process of Chinese SOEs since the middle of the 1980s (Ralston, Tong, Terpstra, Wang & Egri, 2006). SOEs are organizations that are wholly or mainly owned and controlled by central, provincial or city governments. They contributed 90% of the domestic output in the 1980s, but this figure decreased to less than a third by 2003. Their place was taken by private owned enterprises, many derived from SOEs. This occurred during a reform, started in the early 1990s, when SOEs were changed into shareholding companies and listed on both domestic and foreign stock exchange markets (Ralston et al, 2006). Since then, in order to improve their efficiency and profitability, SOEs have put much effort into changing their internal culture to adapt to the current complex external environment. The Chinese government also promotes SOEs learning from western advanced management innovations and adopting associated tools to improve their performance. Thus, some SOEs have adopted or are implementing recently developed management accounting tools, such as the BSC, as has happened with Tsingtao Brewery.

Figure 2: Time line of Tsingtao Brewery over last two decades



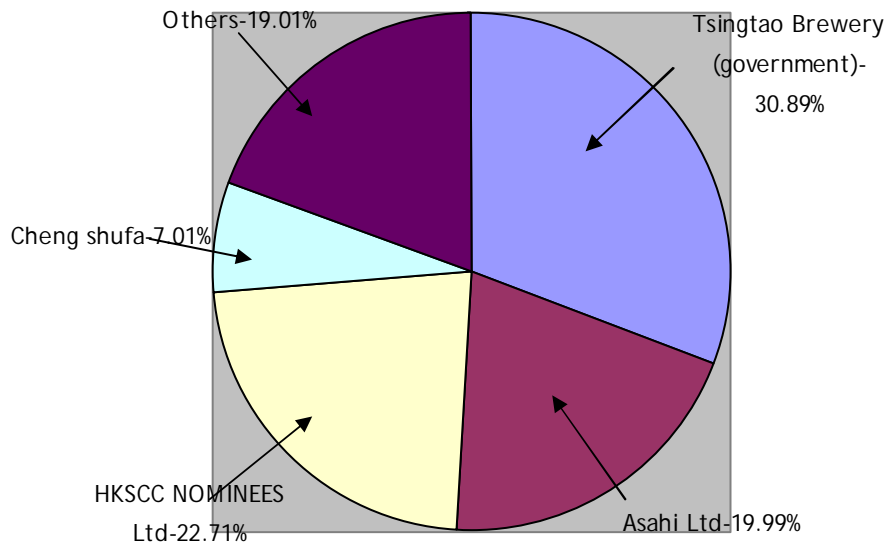
The reform of the Tsingtao Brewery started in 1992 (see Figure.2). The No. 1 factory, which is the predecessor of the Tsingtao Brewery, merged with No. 2 and No. 4 factories, and Tsingtao Brewery was established as a limited liability company. In 1993, the H share of Tsingtao Brewery was issued in the Hong Kong stock market, it was the first company from mainland China to be listed on the Hong Kong stock market. In the same year, A share of Tsingtao Brewery was issued in the Shanghai Stock Exchange market. Thus, the Tsingtao Brewery successfully transformed from a wholly owned SOE to a limited company.

Following the rapid development of the performance of Tsingtao Brewery, its stock holdings went through a dramatic change in 2009. In January, the second largest shareholder , AB InBev, sold 19.99% share of the ownership of Tsingtao Brewery to Asahi Ltd., making Asahi Ltd. the second largest shareholder. At that time, AB InBev

still held 7.01% shares of Tsingtao Brewery. Although Tsingtao Brewery² was still the largest shareholder, holding 30.89% of stock ownership, the Asahi purchase caused wide discussion within China. There were rumours that Asahi would like to take over the company through further stock acquisition, which would mean that Tsingtao Brewery may lose its title as an SOE and become a foreign investment company. After a few months of negotiation, the Tsingtao Brewery signed a “Strategic Cooperation Agreement” with Asahi Ltd in August (Geng, 2009). Asahi Ltd promised there would be no further purchase action on issued shares of the company (Geng, 2009). Then, AB InBev sold the remaining 7.01% share of Tsingtao Brewery to an entrepreneur, namely Cheng Shufa, who is a personal friend of the president of Tsingtao Brewery. The rumours indicated that this action was also to prevent further acquisition by Asahi Ltd. Thus Tsingtao Brewery can retain its title as a Chinese SOE. The equity distribution of Tsingtao Brewery by May 2009 is shown in Figure 3

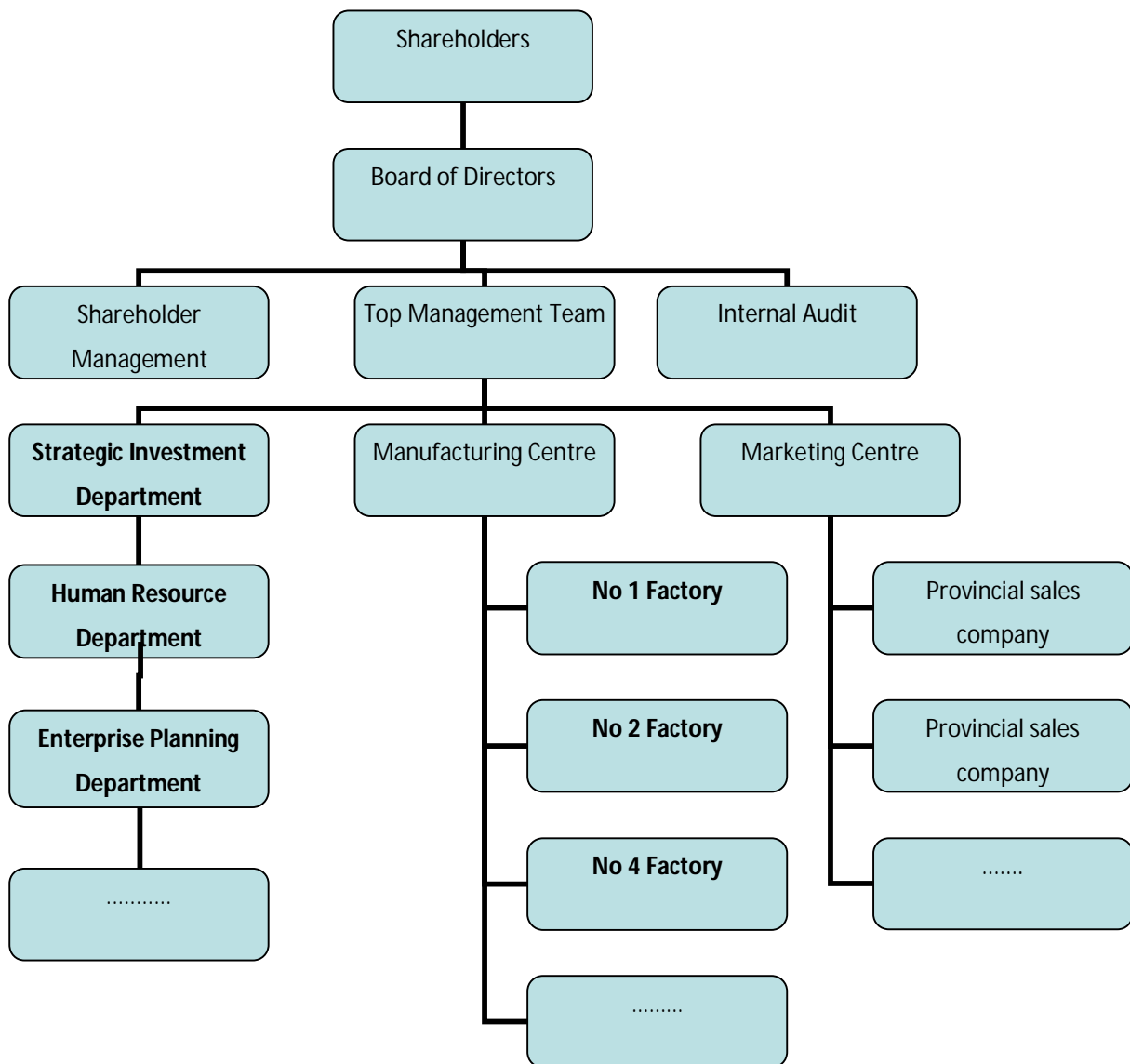
² Tsingtao Brewery represents the name of the government owned shares, as shown on the financial report of the company.

Figure 3: Equity Distribution of Tsingtao Brewery , May 2009



In addition, Tsingtao Brewery was put through a major change in structure in 2007. Previously, the company was organised in a district management pattern. There were eight regional marketing companies which had authority to control the factories or companies in certain areas. In 2007, the company was restructured into three centres, namely the Investment Centre, the Manufacturing Centre and the Marketing Centre. The Investment Centre comprises nine functional departments; it is normally known as the headquarters of the company. The Manufacturing Centre directly controls all factories. The Marketing Centre directly controls all sales companies. The current simplified organizational structure is shown in Figure. 4.

Figure 4³: Simplified Organizational Structure of Tsingtao Brewery



Source: Internal documents, translated by researcher from Chinese into English.

³ Researcher visited the highlighted departments and factories.

4.2. The adoption of the BSC at Tsingtao Brewery

4.2.1. Background to adoption of the BSC

Tsingtao Brewery, as the oldest and most famous beer producer in China, encountered a serious financial crisis in the 1990s due to an increasing number of competitors in the industry. Thus, with the impetus of Chinese SOEs reform, Tsingtao Brewery determined its further strategic development. Rapid expansion was made by Tsingtao Brewery, which took over around 47 small and medium-size companies in the period from 1992 to 2007. However, the rapid expansion brought with it many problems, such as cultural conflicts, multiple brands, and low profitability (Liu, 2006). In 2001, Jin Zhiguo became the new general manager of Tsingtao Brewery, and he changed the business strategy of Tsingtao Brewery from “growing large to become powerful” to “growing powerful to become large” (Tsingtao, 2009). He determined that a performance management tool was needed which could help the brewery to transform strategy into action and focus on the necessary post-acquisition integration. The BSC came to his notice when he found the BSC could be an effective tool to solve the problems and improve performance. After a period of research and preparation, the top management team of Tsingtao Brewery decided to adopt and implement the BSC to help the company to achieve its new strategy. In 2004, E-gate, which is a professional Balanced Scorecard and strategy executive consultant company in China, was hired to help Tsingtao Brewery design, develop and implement the BSC.

4.2.2. Initial training and blueprint of the BSC

The implementation of the BSC in Tsingtao Brewery received a lot of attention from top management. An informant told the researcher that Dr Sun, the CEO of Tsingtao Brewery played an important role in the process of adopting and implementing the BSC in the company.

(战略发展部部长助理)孙明波总裁，黄克星副总他们是发起人。孙总一直是非常重视 BSC 的推进，这几年一直在强调这个事情。如果没有他的努力，它也就半途而废了。

(Assistant Director of Strategic Investment Department from headquarters)
President Sun and Vice President Huang are the sponsors of the BSC implementation. President Sun has always focused on the continuous development and using of the BSC in recent years. The BSC would have been given up, without his continued effort.

Training about BSC was conducted at different levels of the company. The staff from the Strategic Investment Department was the first to study the BSC and then they joined in the training program conducted by E-gate Consultant Company. Then a group of E-gate experts gave professional training to different levels of staff in the headquarters, including the top management team, directors of all functional departments and the BSC administrator from each department. In addition, the CEO and the top management team of Tsingtao Brewery studied the original books of Kaplan and Norton to obtain a better understanding of the BSC.

Then, training was given by E-gate to a few factories and sales companies which were selected for experimental implementation of the BSC, No.2 factory is one of these factories.

The training conducted in No.2 factory is discussed below:

(二厂人力资源部高级职员) 培训是按照层级来的 , 首先是高管的沟通 , 然后普及型的培训..... 所以分两大层次去推进 , 一是理念层次 , 一是技术层次的推进。

(Senior staff of Human Resource Department in No. 2 factory) The training was conducted through organizational hierarchy: training of top management was first, and then the training of employees within the organization....The training was carried out from two aspects: the principles and the technical issues.

In addition, apart from professional training given by E-gate experts, other ways were used in the initial promotion of the BSC to general employees of No 2. factory.

(二厂人力资源部高级职员) 培训 , 会议 , 媒体 , 个别沟通 , 班组讨论 , 公司内部报刊 , 宣传栏 , 外部专家的讲座 , 很多 , 基本上能用上的都用上了 , 开辟专栏 (在网上) , 搞评比活动 (感想) .

(Senior staff of Human Resource Department in No. 2 factory) Training, conferences, media, individual communication, team discussions, internal newspapers, bulletin boards, external experts' lectures, we have utilized all the

resources we can think of to promote it, open a special column on the Internet, engage in assessment activities.

Interviewee from Human Resource Department claimed that different methods were used to promote the BSC. However, a few employees from other departments stated that their knowledge of the BSC is normally gained from the introduction given by the Departmental Directors. The BSC administrator of each department is more familiar with the BSC than other staff, the lower level of the staff seems lack of knowledge of the BSC. Although this tool has been used in the factory for a few years, they still feel the BSC is very complicated and hard to use.

Officially there were nine stages of the BSC development in Tsingtao Brewery, as shown in Exhibit 1. The company developed its first strategy map and the BSC in December 2004. The full trial run of the BSC was in the period from April to July 2005. The vertical spread of the BSC to personal level started at the beginning of 2006.

Exhibit 1: Nine stages of the BSC development in Tsingtao Brewery

Project stage		Content	Time
The stages with the help of consultant company(E-gate)	Stage 1	Develop company strategy map and BSC	December 2004
	Stage 2	Develop strategy maps and BSCs for one selected company and four selected factories	January 2005
	Stage 3	Develop Five Function departmental BSCs of HQ	February 2005
	Stage 4	Establish the BSC management system	March 2005
Self development stages	Stage 5	Trial Run	April-July 2005
	Stage 6	Run the BSC in all other HQ functional departments, 8 sales companies,50 factories	August 2005 –September 2006
	Stage 7	Establish the performance management system based on the BSC	December 2005- January 2006
	Stage 8	Run BSC reporting and meeting system	January 2006
	Stage 9	Develop the BSC at personal level and Knowledge Management Planning based on the BSC objectives	Beginning 2006-End 2006

Source: Internal material from Tsingtao Brewery, translated by researcher from Chinese into English

4.3. *Analysis*

For the analysis and interpretation, researcher draw on Innes and Mitchell (1990) who present three categories of factors regarding to management accounting change: Motivators, Catalysts, and Facilitators. Motivators are factors which can affect the change of management accounting in general forms, for example, competitive markets. Catalysts are factors which can directly influence the change of management accounting, for example, a financial crisis. Facilitators are the factors which can help with the change, but they are not the critical elements leading to management accounting change, for example, powerful strengths.

From the data disclosed in the previous sections, it appears that there are a few reasons of why the BSC was adopted and implemented by Tsingtao Brewery. First, with the reform of Chinese SOEs, there was a trend for the company to build a new image by using advanced western management tools to face the increasing challenges from competitors. Second, due to the expansion of the company and determination of its strategic development path, it was claimed that it may be necessary to have a tool to help the company. Third, the full support from the top management team and the assistance of an external consultant company enabled application of the BSC. In this case, all three factors existed as the forces for change in the company. The reform of SOEs in China increased the competition in the market, which represents as a motivator of change in Tsingtao Brewery. In addition, the necessity for a strategy implementation tool to help management to direct and control the company strategy is the catalyst factor. Moreover, top management's support and the involvement of

E-gate enabled the change in the form of imposing the BSC in Tsingtao Brewery, representing the facilitator factor.

In the previous sections of this chapter, the researcher discussed both internal and external background to the change decisions that were made. Based on this information, causes of BSC adoption are concluded, drawing on Innes and Mitchell's (1990) three factors. Thus, the above having answered the question why management accounting change occurred, in the rest of this chapter, the focus is on how management accounting change evolved in headquarters and factories of the company.

4.4. Comparison of BSC Usage at Headquarters and Factory levels

As the previous sections indicated, it was the intention of top management for the BSC to be implemented throughout the Tsingtao Brewery. While the researcher found evidence of this intention, variations of the overall BSC usage and future plans of the BSC were identified. In particular, important attributes of the BSC namely template, performance measurement, strategy implementation and communication were points of difference between the headquarters and the factories she visited. The first sub-section looks at these issues overall, while the following presents them one at a time.

4.4.1 Overall BSC Usage

4.4.1.1. Headquarters

The headquarters of Tsingtao Brewery comprises several departments. Each department has a BSC and so does every staff position in different departments. However, not every department pays the same amount of attention to the BSC. Some departments use the BSC as a tool to help in their ordinary work, and once the BSC is drawn up, they regularly review it. But, few departments only use it to comply with the requirements laid down by the top management of the company.

The Knowledge Management Manager of the Management Department who is also a member of Performance Measurement Committee⁴ informed the researcher that the diversity of the BSC usage at department level may be caused by the different natures of the work of each department. He cited an example from the Purchasing Department. The ordinary work of staff in the Purchasing Department is relatively simple, so just a few measures are sufficient for recording their ordinary work. However, the pattern of the BSC has many measures. Although some of these measures seem unnecessary for this department, they have to be translated from strategy to the personal level. This makes the implementation of the BSC more complicated and inconvenient in this

⁴ Three people, one each from the Management, Strategic Investment and Human Resource Departments, make up the Performance Measurement Committee which is responsible for performance assessment in all functional departments.

particular department. Therefore, staff in the Purchasing Department tends to ignore the BSC and just do their routine work.

4.4.1.2. Factories

The Tsingtao Brewery has about 50 factories all over the country. The BSC is being used in approximately one-third of these factories, and each of the factories is using it at different levels. Some have developed the BSC to the personal level. Some may just use it at management level. Some have developed the BSC for production lines. Some did not develop their BSCs at all. The three factories that were visited in 2009 by the researcher have different levels of usage of the BSC. In No. 4 factory, it has been developed down to the personal level. In No. 2 factory, the BSC has been used at the personal level only in the Human Resource Department. However, other departments in the No. 2 factory were struggling over whether they should continue to develop it at the lower levels. The No. 1 factory did not have a BSC system at the time of the research. The new Human Resource Director of No. 1 factory had just been transferred from No. 2 factory to establish a performance management system based on the BSC in the future.

Although the company was supposed to implement the BSC on almost every unit of the company by Stage Six in 2006 (see Exhibit 1), the reality differed from this expectation. The BSC was only being used in approximately one-third of the 50 factories, and none of the sales company was using the BSC system. Among the factories that were using the BSC, some of them were struggling over the necessity to

further develop the BSC to the next level. Furthermore, the usage of the BSC at departmental level at headquarters differed between departments. Therefore, these all indicate that the existing of certain levels of resistance to change in headquarters and factories.

4.4.1.3. Analysis

Burns and Scapens's (2000) study described three categories of resistance, which are identified in different levels of organization to explain the different usages of management control in the organization. They argued that a conflict of interest can lead to formal or implicit resistance to change. In the Tsingtao Brewery, the usage of the BSC in headquarters' departments is different, probably because the assumptions held by each department are different. Some of these assumptions may even be in conflict with each other. For example, the responsibilities of the Purchasing Department are very simple. In comparison, the Management and Human Resource Department's functions are more complicated. Hence the BSC, which involves measures from four different perspectives, seems more suitable for the latter departments. However, for departments such as the Purchasing Department, their responsibilities can be covered just by several measures. As a result, using the BSC in such departments may add additional workload which is not directly related to the departments' main responsibilities. Although the resistance from departments like the Purchasing Department has not been formally raised, the Performance Measurement Committee has noticed the contradiction in the different usage of the BSC. They

stated that some departments really use it and take it seriously, and some other departments just use it to comply with the requirements of the top management. Therefore, resistance to change in some departments at headquarters were found.

Another category of resistance described by Burn & Scapens (2000) is a result of the inability of the employees in the company to apply the new system. As mentioned above, the preparation for the BSC implementation in the Tsingtao Brewery was comprehensive. Different kinds of training were conducted from top to bottom through the organizational hierarchy. Professional training was provided at both headquarters and the factory level. However, employees from factories claimed there was a lack of professional training for them on the implementation of the BSC. Only a limited introduction of the BSC was presented to the employees by department directors. Thus, there is a problem with staff being able to use the BSC at the personal level in the Human Resource Department in No. 2 factory, and other departments are struggling to justify the necessity of further developing it at the personal level. Therefore, the lack of personal ability to apply the new system is an obstacle of the implementation of the BSC at personal level.

(二厂人力资源部高级职员) 根据我们的经验 , 个人平衡计分卡的使用缺少相应的资源去监督和控制。

(Senior staff of Human Resource Department in No. 2 factory) Based on our previous experiences, the lack of review and control of the BSC at personal level is due to limited resources.

The third category of resistance to change stated by Burn & Scapens (2000) is the “mental allegiance” to the established ways of thinking and acting, embedded in the existing routines and institutions. No. 1 factory lacked formalised performance measurement systems by 2009, despite the BSC supposed to be implemented at factory level in 2006. The new Director of the Human Resource Department claimed that the BSC used to be formulated in the factory, but there were no follow up procedures to control and review it. Therefore, the employees did not pay much attention to it. Instead, the unique culture and existing institutions of No. 1 factory were prevailed, in terms of “how things are done” in the factory. No. 1 factory is the oldest factory of Tsingtao Brewery with over 100 years of history, their ways of doing things are institutionalized and so hard to change. The shared values and habits mean that employees are more likely to stick to what they are familiar with. Therefore, there is a high level of resistance to change in No. 1 factory.

This case shows that change is hard to achieve, which is supported by findings in previous literature on management accounting change (Malmi, 1997; Burns & Scapens, 2000). The resistance to the BSC in the factories appears to be higher than at headquarters. Adaptability was only found in certain departments at headquarters during the study period due to their peculiar job responsibilities. However, resistance to management accounting change occurred across different levels in factories.

4.4.2. *Templates, Measures and Performance Measurement*

4.4.2.1 Headquarters

Many changes were made to the original BSC template which was designed by E-gate (external consultant company) in the subsequent using of the BSC at headquarters. The original template not only included the analysis figures for each measure and initiative, but also required some supplementary forms. For example, one of them is called “Departmental BSC Requirements Form”, which asks each department to describe five critical jobs in sequence of importance, based on the company BSC. Although, this form was listed on the rules of the BSC implementation, it has not been routinely used continuously. The Knowledge Management Manager of the Management Department explained that people always forget to hand it in, and it seems not that necessary. He also informed that the template which is being utilized now at the headquarters is simpler than before.

(企划部知识管理经理) 我们现在使用的 BSC 可能不是你想象的那种复杂的样子 , 只是一个简单的表格。

(Knowledge Management Manager of the Management Department) It (BSC) may not be as complicated as you thought; it is just a simple table.

Each departmental BSC is normally made up of three kinds of measures:

- measures that come directly from the company BSC;
- measures that are translated from the measures on the company BSC;

- measures that are added by departmental staff based on the routine work of the department.

The priority measures shown in departmental BSC are marked by solid stars, which are assessed by the Performance Assessment Committee. The secondary measures are marked by blank stars, which are the focuses based on departmental functions. The departmental BSC is reviewed monthly in departmental level and assessed quarterly in company level. Personal BSCs are derived from the relative departmental BSCs. It also comprises three different kinds of measures:

- measures from the departmental BSC;
- measures that are translated from the departmental measures;
- measures that are added by personnel based on their daily work.

The measures of personal BSC are also distinguished in terms of their importance. The measures marked by solid stars are assessed by the department director during the monthly meeting of the department. The measures marked by blank stars need to be reviewed by the department director. A report with the results of the blank star measures of personal BSC is e-mailed to the department director every month. The measures are divided into the four perspectives which are promoted by Kaplan and Norton (1992): financial, customer, internal business, and learning and growth perspectives. There is a lack of financial measures for some departments at headquarters.

(战略发展部部长助理) 由于有些部门的工作性质决定了 , 它们很难对公司财务有一个直接的贡献 , 但它们的工作肯定间接支撑了整个公司的财务状况

(Assistant Director of Strategic Investment Department) This is due to the job attributes of certain departments, which have no direct contribution to profit, but whose actions definitely underpin the financial performance of the company as a whole.

In addition, some departments have nothing to do directly with external customers. In these departments measures have been developed so that the internal client is considered as the external customer. For example, the duty of the Human Resource Department is providing services to the internal employees. Therefore, the measures developed under the customer perspective in the department relate to internal employees, as if they are external customers.

Furthermore , there are many problems in defining the measures in the learning and growth perspective. The assistant director of the Strategic Investment Department stated that to quantify the measures in the learning and growth perspective was a big challenge for the company. The objects that are normally included in learning and growth perspective are about culture, human skills and knowledge. These intangible

resources are really hard to quantify and find a measure for. An external consultant company⁵ was hired by the company to build the measures for them.

The company has also spent much time on improving the measures included in the human perspective. For example, (加强专业人才的培养和储备) “reinforce training and retain skilled staff” is one measure that shows on every departmental BSC, which is a kind of measure hard to be quantified. Therefore, the action plan was set up to show what has been done to make sure the measure is achieved by the due date.

The members of the Performance Measurement Committee meet four times a year to assess the BSC results from all functional departments. However, not all measures on the BSC are assessed. Only measures that are included in the goal responsibility document are assessed, which are the ones marked in the departmental BSC by solid stars. Moreover, the committee pays a visit to each department to evaluate their performance. Sometimes departments may be required to provide some hard evidence (e.g. files, documents, receipts) to prove the targets have been achieved. When the results are collected by the Performance Measurement Committee, a meeting is held at company level to report the results and give feedbacks based on the BSC results.

⁵ This company is not E-gate. The company helps Tsingtao Brewery to build up a Knowledge Management system.

For staff who have the best performance or the worst performance, managers of relevant departments will have a conversation with them. For the staff who have the best performance, the conversation will focus on their future promotion or bonuses. For the staff who have poor performance, the managers will help them to identify their problems and find possible solutions from them.

4.4.2.2. Factories

The templates that are used in factories are basically the same, but relatively complicated in comparison with the BSC template used at headquarters. The BSC templates used in the factories generally comprise: a strategy map, an I-data form (containing departmental strategic initiatives), an M-data form (containing departmental measures), and review forms for all measures. Although the measures are also divided into four perspectives, most measures of the factory departmental BSCs focus on the internal process perspective. Indeed, for some departments, the internal process perspective is further divided into several objectives, and contains measures that relate to the key work of the department. For example, the internal process perspective in the Production Department's BSC of No. 2 factory is split into five parts: security management, production management, consumption management, general management, and environment and security management. In turn, each part is translated into a few measures. In contrast, there are only few measures included in the financial perspective and the customer perspective in most factory level

departmental BSCs. For the learning and growth perspective, the measures are basically the same for most departments in the factories, except the Human Resource Department, whose main responsibilities are included in the learning and growth perspective. In addition, all measures and strategic initiatives have a detailed form. By using the form, actual figures and current situation are reviewed. If targets are not achieved or initiatives do not meet the standard, detailed analysis and solutions will be given to the related departments and staff. Some important measures are traced weekly, others are monthly.

Performance assessment is conducted monthly at factory level and the form differs from headquarters. Although the BSC is used as performance management system in the factories, the performance assessment in the factories does not follow the BSC exactly. The performance is assessed based on different modules which are included in the factory BSC to represent the key objectives of work in the factory. A few departments act as execution departments, being responsible for evaluation of specific modules. For example, the Quality Control Department directly assesses all the measures that are related to the quality as shown on all departmental BSCs in the factory. Another example is the Human Resource Department, which is responsible for business management and organizational culture. In addition, the Human Resource Department is a direct administration department for performance assessment. Its staff gather the results of the evaluation from different departments and report to the director of the factory. The remaining measures are reviewed within departments. The previous performance management system, which was used before BSC

implementation, contained different modules. Therefore, the performance assessment system which is currently being used in the factories, are still largely dependent on the previous system.

4.4.2.3. Analysis

Resistance arose when the original BSC template was implemented at headquarters. The concept of “loose coupling” can be used to explain this situation. Sharma and Lawrence (2008) asserted that conflict might arise between the institutional arrangements and technical standards and efficiency demands. Collier (2001) also claimed that loose coupling occurs when accounting accommodates both the institutional arrangement and technical demand. The forms required to be handed in as supplements of the BSC obviously increase the complexity and add extra work to the employees. Employees found it is easy to forget these forms or just provide them with barely satisfactory contents. In this case, the employees only handed in the BSC table and ignored the forms that were also required by the rules, because they consider these forms are unnecessary. The loosely coupled situation reduced at headquarters where the directors identified the solution, to adjust the rules and simplify the BSC to make it more efficient for using. Therefore, the template of the BSC has evolved from initial complicated format to simple table format. In addition, Lukka (2007) claimed that loosely coupled rules and routines can be viewed both as a problem and a solution. The changes made to the BSC template at headquarters can be recognised as

a solution to the loose coupling issues in the company. Weick (1976, p 120) described that the persistence usually leads adaptation to change through neutralizing the impact of the change. Thus, the system is more tightly coupled after the adaptation has been made to the BSC.

As there are three kinds of measures included in the BSC, it has been claimed that the measures that are translated or come from the company strategy are the primary measures. The most attention should be paid to these measures at both departmental and personal level. It is inevitable that there is a loose coupling issue between measures and day-to-day activities, because the additional measures that are related to daily activities are only secondary measures in the BSC. On top of that, most of the daily work cannot be translated into measures easily, let alone be put in the BSC. The interviewees at headquarters asserted that the BSC did not cover most of their ordinary work. This is due to the job responsibilities of most departments at headquarters being complex. Some jobs are emergent during a year, and cannot be included in the BSC which is established in advance at the beginning of the year. The lack of relevance of measures in the factories is caused by lack of personal BSC utilization. Even some departments which have used the BSC still lack of resources to review and control it. The primary measures translated from strategy are usually shared by different departments, therefore, they only occupy part of the departmental or personal BSC. The loosely coupled situation between measures and activities arises and can be identified from this comparison between the headquarters and the factories.

The ways of assessing performance are different between headquarters and factories. Although the BSC was primarily developed as a performance measurement tool (Kaplan & Norton, 1992), it was not completely used as a performance measurement tool in the factories. The factories are still partly following the way of how the performance was assessed previously. Thus, the loose coupling issue arises when the routines are still partly dependent on the historical systems used before. It means the new management accounting practices are employed, but associated with the actions or decisions that were taken before (Burns & Scapens, 2000). As the new performance assessment procedures are still influenced by past systems, the loose coupling issues occurred in the factories (Lukka, 2007).

4.4.3. Strategy implementation and Communication

4.4.3.1 Headquarters

The strategy period of Tsingtao Brewery is three years. During this period, adjustments of strategies are made each year according to internal and external environmental changes. The main direction of strategies remains unchanged. In Figure 5, the basic operation procedures and communication processes are shown for drawing up the annual BSC as it is currently being used at headquarters. After the release of the company strategy in July each year, meetings are held by the CEO, Vice-CEO and top management team to draw up the strategy map and company BSC. The meetings are organised by Strategic Investment Department. Once the strategy is

agreed, all departments start to translate the company strategy into objectives and measures, and put these into their departmental BSCs. These objectives and measures are passed to staff by their department directors.

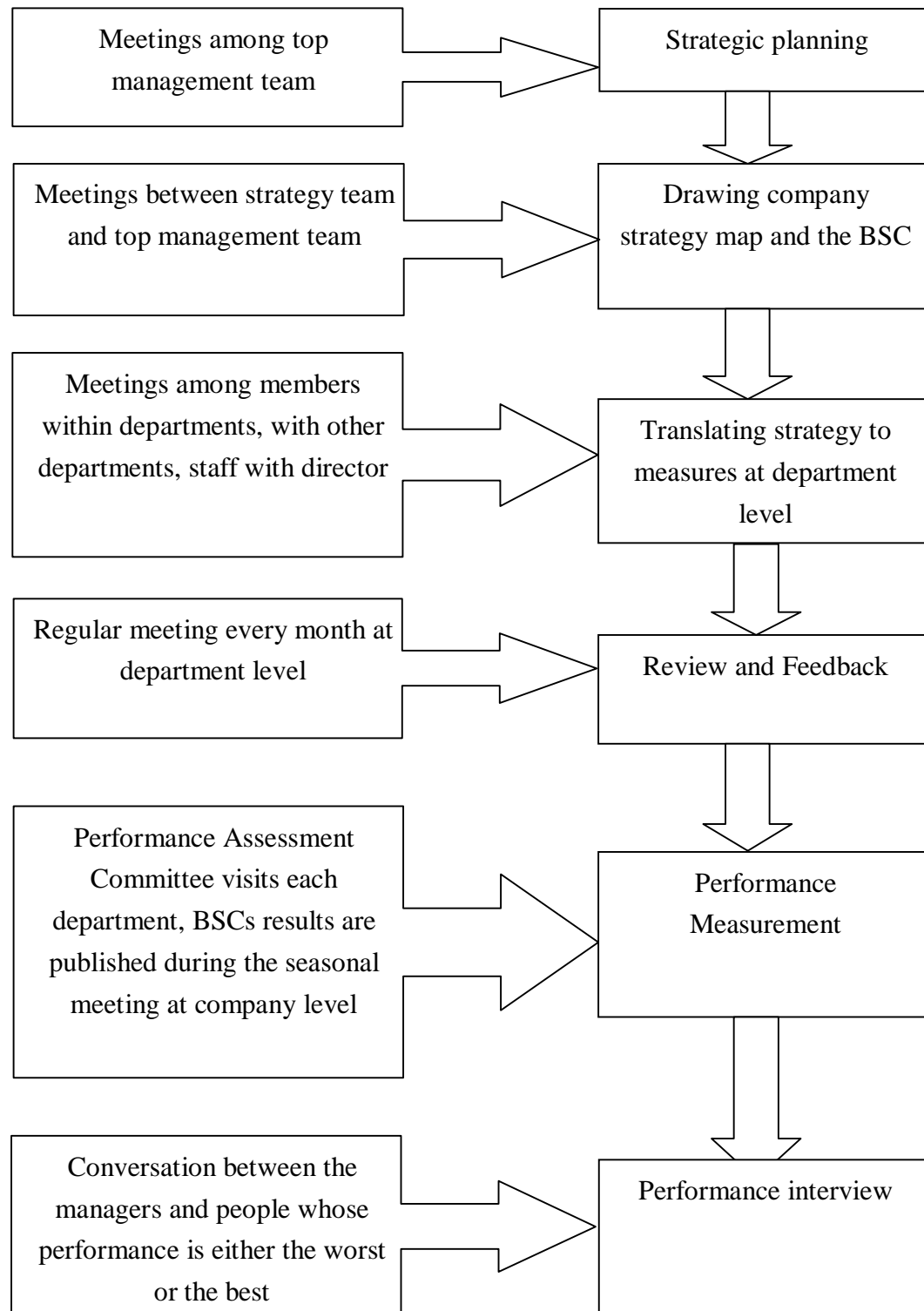
This translation process requires frequent communication and interaction among members within each department. In addition, communication between departments is necessary because some measures in the company BSC may be shared by two or more departments. When all departments finish the process of translation, a meeting is held by top management with the directors from each department to assess the feasibility of departmental measures. Then personal BSCs are formulated based on departmental BSCs. Thus, the strategy is translated into objectives, measures and actions in the organization hierarchically.

Assistant Director of Strategic Investment Department claimed that the procedure of drawing up the annual BSC at all levels of headquarter is a formalised routine. In addition, he emphasized that the BSC works as strategy communication tool which obviously improves the communication at headquarters of the Tsingtao Brewery.

(战略发展部部长助理) 平衡计分卡是一个很好的使战略落地的工具，使公司的每一个人对战略都有一个更清楚的认识。

(Assistant Director of the Strategic Investment Department) The BSC is a very effective tool to translate strategy to activities, and it makes the staff in the company to have a clearer understanding of company strategy.

Figure 5: BSC operating procedures and communication process



(Source: This figure was designed by the author based on interviews and observations.)

In addition, more evidence was found from another interviewee.

(人力资源部部部长助理)在平衡计分卡使用之后 ,对战略的关注度更广了 ,
不管员工在任何岗位对战略都有一个重新的认识。

(Assistant Director of Human Resource Department) After the implementation of the BSC, the way that staff views company strategy has expanded, and staff has refined their understanding of company strategy, no matter what their positions are.

According to the Knowledge Management Manager of the Management Department, the procedures of drawing up departmental and personal annual BSCs have changed since 2007. The top-down translating process was changed to bottom-up formulating process. According to him, this change enables the staff to take more time to consider the relationship between their day-to-day operations and their personal BSCs, before the release of departmental BSCs and company BSC. The personal BSCs are then integrated into the relative departmental BSCs. After the release of the company BSC, if there are any changes in the strategy, departments and staff have to adjust their BSCs based on the company BSC. If there are no changes in the company strategy for a particular year, the departmental BSCs can be derived from their staff's personal BSCs.

(企划部知识管理经理) 这样做是更有效率的制定平衡计分卡的方法。

(Knowledge Management Manager of Management Department) It is more efficient to formulate the BSC in this way.

The assessment of performance is held quarterly in company level, monthly in departmental level. After the last performance assessment each year, interviews given by department directors to relevant staff who have the best or the worst performance based on BSC results as related above.

4.4.3.2 Factory

The researcher found that the factories also follow the top-down strategy translation process. At the beginning of the year, each factory has to sign a “goal responsibility contract” with the company. The contracts include critical objectives of the company BSC. Once its contract is signed, the factory is obligated to achieve these objectives, failure is not acceptable. Then the factory strategy and BSC are established based on the goal responsibility contract. The departmental BSCs in the factory are translated and formulated based on their functional responsibilities and the factory BSC by department directors. An interviewee made comment on who are the people responsible for setting up the departmental strategies, objectives and measures.

(二厂人力资源部高级职员) 部门 BSC 的战略，目标，指标是由工厂的高层和中层团队决定的。例如我们部长会对我们部门的负主要责任，提炼我们部门的重要指标的分解和衡量标准，最终和工厂高层团队一起讨论，做最终决策。

(Senior Staff of Human Resource Department in No.2 factory) The strategies, objectives and measures of the departmental BSCs are decided by top and senior management teams of the factory. For example, the director of our department is

responsible for refining important objectives and targets of the Human Resource Department's BSC, the final decision will be made when he achieved agreement with top management team through discussion.

According to this interviewee, the departmental strategy maps are usually formulated by department directors with their superiors. This process is different from headquarters. As mentioned above, staff at headquarters set up personal BSCs before the release of departmental BSCs and company BSC since 2007. Then some of the measures included in personal BSCs become part of the relative departmental BSC after discussion within the department. The discussion of the content of the departmental BSC within departments at headquarters is a communication process. In contrast, there is a lack of communication between management teams and lower level staff in the process of formulating the departmental BSCs in factories. This difference is evidenced by following interviewees

(二厂生产部员工) 我们是执行部门，指标不是我们来确定，基本上是根据公司和工厂签订的目标责任书。

(Staff of Production Department in No.2 factory) We are a operational department, we do not establish measures. Measures are normally based on goal responsibility contract.

(二厂酿造部 BSC 管理员) 工厂在一个组织里是执行单位，我们应该做的是执行，而不是去质疑指标和战略。

(BSC Administrator of Brewery Department in No.2 factory) The factory is an operational unit in the organization. We should follow the orders instead of question the measures or strategy.”

(二厂酿造部 BSC 管理员) 很多指标我们是必须被动的接受的，像质量。我们必须向国际化大公司看齐。

(BSC Administrator of Brewery Department in No.2 factory) We are trying to stay in step with the international industry leaders. As a result, we have to passively accept some measures.

(二厂财务部员工) 虽然厂里力推的工具，但每天涉及到工作的相关性还是较少。

(Staff of Financial Department in No.2 factory) Although it (the BSC) is the leading performance measurement system in the factory, we found it is hardly related to any of our daily activities.

In the factories, interviews regarding to staff performances are held twice a year. The focus of these interviews is the same as the interviews given by department directors to relative staff at headquarters, as related above.

4.4.3.3. Analysis

Norreklit (2000) claimed that lower level employees do not usually act on their own will, they merely react to the strategy made by top management because of the BSC's top-down pattern. This is a problem that cannot be solved by the BSC (Norreklit,

2000). This theory is supported by findings from the factory level of this research. According to the interviewees, the directors usually translate strategy to measures and assign these measures to the lower level employees. The jobs of the lower level employees are to work to achieve the targets for the measures. They hardly ever have a chance to question these measures. Some people claimed that the directors usually receive feedbacks from their subordinates. However, there is no formal communication channel for lower level employees to give feedbacks to their directors. The top-down pattern is an inherent problem of the BSC, which implicitly influence the process of management accounting change in factories of Tsingtao Brewery. Burns and Scapens (2000) presented the idea of informal change, describing it as the tacit level of change which is unintentionally formulated. They stated:

“...bottom-up change (initiated by organizational members who use management accounting from one day to the next) is more likely to have an impact at a tacit level and to shape informal as well as formal management accounting change process.” (p. 19)

Due to this inherent problem of the BSC, lower level employees hardly participate in the procedures of establishing the departmental BSCs in factories. Some interviewees claimed that meetings are held to gather ideas from employees before the departmental BSCs are drawn up. However, the measures are usually translated and formulated before the meetings. Hence, the purpose of the meetings seems more likely to be assigning jobs, rather than obtaining feedbacks and opinions from employees. This process stifled the informal change of management accounting

change in factories. The employees are passive, and they do not take the time to think about the measures assigned to them. As a result, their understanding of the BSC is relatively poor. In addition, the lower level employees of the factories do not actively participate in the process of management accounting change. Thus, it is difficult to embed the BSC into the routines of their day-to-day work. Therefore, the informal change cannot be identified at lower levels of the factories.

In contrast, the change of the way in formulating the departmental and personal BSCs at headquarters in year 2007 addressed this inherent problem of the BSC. The change emphasized the importance of the individual participation in the process of obtaining the departmental and personal BSCs. The deeper the employees are involved in the procedures of drawing up the BSCs, the better the understanding that the employees can have of the BSC. Individual participation gives employees the chance to be familiar with the BSC system. As a result, the routines related to the BSC become easier to build. The bottom-up direction of communication can fix the inherent problem of the BSC. It stimulates the informal change as the routines are formulated from the bottom level of headquarters. It then indirectly influences the emergence of new institutions at headquarters. This can be evidenced by statements from interviewees which relate to the new strategy thinking at headquarters in the earlier part of this section.

4.4.4. Future plans

4.4.4.1 Headquarters

In 2010, while retaining the original four perspectives pattern of the BSC, some adjustments will be made to the BSC at headquarters. Knowledge Management Manager of Management Department indicated that the implementation of the BSC in 2010 will focus on the connection with the Annual Plan. Previously, a departmental or a personal BSC normally contained about ten measures and ten action plans, which focused on the major work of a department or a staff member. However, the work of one department or an employee is far more than the items listed on the BSC. Thus, the development of the BSC in 2010 is intended to build a closer relationship between measures and day-to-day work.

4.4.4.2 Factory

Factories intend to make major changes to the BSC system in 2010. The original four perspectives BSC system is replaced by a module-related performance measurement system. The new system comprises ten modules which are directly translated from company and the Manufacturing Centre's strategies. It includes quality, purchasing, cost, EHS (environment, health, and security), human resource, to name just a few. Each module is translated into several measures that related to the work of the responsible departments. The Manufacturing Centre was established in 2007. At that time, although the headquarters had implemented the BSC and some factories have

formulated the BSC, the Manufacturing Centre was using the module pattern as their performance management tool. Due to the continuous development of the BSC in the company, the Manufacturing Centre changed its performance management system to the BSC in order to comply with the company requirements and ensure the integration of the Manufacturing Centre and the organization. Soon after this change, most factories implemented the BSC system, because the Manufacturing Centre has direct authority over all factories within the company.

However, the Manufacturing Centre has decided to change back to the module pattern of performance management system in 2010. All factories will be expected to adjust their performance management systems to be consistent with the Manufacturing Centre.

(企划部知识管理经理)变回模块的形式可能就是为了更好更便捷的绩效管理的系统。毕竟工厂的直接任务是生产，而不是承担财务数字。

(Knowledge Management Manager of the Management Department) Changing back to the module pattern is for better understanding and better implementation of the performance management system. Because the major responsibility of factory is manufacturing, not financial figures.

Under the BSC, factories have to use measures in the financial perspective, but for some departments they have nothing to do with financial figures. It is quite similar to the customer perspective, as most departments in the factories work for production purpose only, they do not see themselves as having direct customers. In addition, it is

hard to decide whether some measures should be put in the customer perspective or the internal process perspective. Therefore, using the BSC as performance management system at factories does not always make sense and sometimes it causes inconvenience. The module pattern is developed from the company and Manufacturing Centre's strategies. It relates more closely to the central work responsibility of the factories, which makes it easier for the factories to translate the measures from the strategies.

(一厂人力资源部部长) 基本的理念是没有变化的 , 唯一的不同可能就是我们没有把指标分成四个方面。而我们重点是从公司战略出发 , 直接转化成和我们工作相关的指标。

(Director of Human Resource Department in No.1 factory) We are still using the principles of the BSC. The only difference is that we do not group the measures into the four perspectives. We concentrate more on the centre tasks. We start with the company strategy, and translate to measures that relate to our routines.

4.4.4.3. *Analysis*

The path-dependency issue is evident in the findings above. It can be described as historical choices or actions that continue to influence the evolving management change process, and shape the change initiatives by continuously reducing the viable alternatives (Modell, Jacobs & Wiesel & 2007). The path-dependency issue has

stifled the management accounting change involving the BSC at Tsingtao Brewery. The original four perspective BSC template used at factory level was too complicated and inconvenient. There were problems in grouping certain measures into one of the four perspectives. Staff at factory level preferred the previous performance measurement system. In 2010, a new module-related performance measurement system replaces the BSC in the factories. The new system follows the principles of the BSC and combines them with the historical module-focused performance measurement system. The inherent advantage of the BSC, translating strategies into measures down through every level of the organization, is embedded in the new system. The modules of the new systems are directly translated from company and Manufacturing Centre's strategies, which also relate to the factories' major responsibility.

Scapens (2006) warns that there can be resistance to change, if there is no careful consideration of the prevailing institutions within an organization. At the time that the BSC was implemented at factory level, managers ignored the institutional thinking in the factory. The structure of the Tsingtao Brewery is characterized by the separation of its production and sales functions. The factories are production-oriented. Therefore, their priorities are all related to production and quality, rather than customers, sales and financial profit. When the BSC with its four perspectives was originally applied in the factories of Tsingtao Brewery, measures from customer and financial perspectives were omitted. Some measures were ambiguously grouped into one of the four perspectives. Therefore, in order to be compatible with the prevailing ways of

thinking of the factories, changes to the original BSC system are necessary (Scapens, 2006). The new system which combines historical module-related system and the BSC principles will be formally implemented at factory level in year 2010. It remains to be seen whether it is any more successful than the present system.

5. Interpretation and Theorising

In this chapter, the findings and analysis presented in the previous chapter are interpreted and refined by using the theory of the process of institutionalization, loose coupling and formal and informal change.

5.1 *The process of Institutionalization*

The purpose of Burns and Scapens's (2000) framework is to understand and analyze the process of management accounting change. The framework as shown in Figure 1 can be applied in this study of the ongoing use of the BSC in Tsingtao Brewery to describe and analyze some critical findings in the process of institutionalization in the company. These findings are:

- the BSC has changed much from originally designed format at headquarters;
- the usage of the BSC among factories are different;
- the BSC has not been faithfully used at lower level of factories;
- routines embedded in factories still largely depend on the previous system
- staff get used to rules and routines related to the BSC operations at headquarters.

The framework is also used to explain the differences in the process of institutionalization between headquarters and the factories. These differences are:

- the resistance to the BSC has gradually reduced at headquarters, there is confidence about the future using of the BSC;
- the resistance level is still high in the factories, which leads to the replacement of the BSC by module-related system.

Burns and Scapens (2000) described four processes in institutionalization: encoding, enacting, reproduction, and institutionalization. These four processes are presented by a, b, c, and d respectively in Figure 1. Encoding, or the process of rules and routines being shaped by prevailing institutions, is evident in how E-Gate was employed to design and set up the BSC system for Tsingtao Brewery. Thereafter, the company made various adjustments and changes to the BSC that E-gate designed in the process of using the BSC templates and measures.

(战略发展部部长助理) 博意门开始给我们做的 BSC 是比较宏观的东西。它对以后的直接使用是远远不够的。我们必须找到一些方法和企业实际的每天的运营联系在一起。因此 , 我们加了一些东西来确保它和日常工作的一个对接。而且 , 在之前系统里使用的一些重要指标我们保留了下来减少冲突性。并且 , 博意门开始建议的一些较为繁琐的表格和步骤我们在之后的摸索使用过程中 , 也逐渐的取消或简化。

(Assistant Director of Strategic Investment Department) The initial design of the BSC by E-gate was more from a macro-perspective. It was not good enough for the practical implementation in the future. We had to find a way to connect it with the day-to-day operations of the company. Thus, we added some elements to

make sure its consistency with the company's daily operation. Some critical measures which were used in the previous system were also retained in order to minimise the impact caused by using the new system. Moreover, some complex forms or procedures suggested by E-Gate were removed or simplified based on the internal structure of the organization.

Granlund and Lukka (1998) claimed that consultants usually use modelling processes. In this case, the original BSC designed by E-gate seemed very technical and complicated. There were various obstacles and resistances to change even in some areas of the headquarters, let alone the factories. In order to overcome these, great efforts were made to simplify the BSC template and retain some measures that were used in the previous system to reduce the concerns of the employees. Scapens (2006) pointed out that existing decisions or routines are likely to be influenced by past given circumstances, thus the change is evolutionary process and path-dependent. The embedding of the measures that were used in the old system at Tsingtao Brewery is evidence of path-dependency in the process of change. This process of encoding used measures which were already in use and understood, reduced the level of resistance to management accounting change in the company (Scapens, 1996).

The process of encoding can also be used to explain the different usage of the BSC between No. 1 and No. 2 factory. As mentioned above, No. 1 factory is the predecessor of Tsingtao Brewery, it is the oldest factory of the company. There was no formal performance measurement system in this factory. When the BSC was introduced to all the factories, the BSC of No. 1 factory was developed just because

the staff was ordered to do so. However, there were no follow-up procedures to review and use it as a practical performance management system, so lessening its practical effect. It seems the establishment of the BSC in No. 1 factory was only done to comply with the requirements of top management. In contrast, the relatively young No. 2 factory was one of the earliest factories to implement the BSC.

(二厂人力资源部高级职员)二厂员工平均年龄比较轻,热情,挑战自己的欲望比较高,所以大家对新事物上基本不会抱着害怕的情绪。反而有一种挑战新事物的心里。

(Senior Staff of Human Resource Department in No.2 factory) Because the average age of employees in No. 2 factory is relatively young, staffs are more enthusiastic and creative. They have a desire to challenge themselves with new knowledge and innovative tools. Thus they are not usually afraid of any new tools, and willing to learn new things.

Because of the different institutional forces at the two factories, usages of the BSC were different. The resistance to change in No. 1 factory was high, and by 2009 they still have not established performance measurement system, although the BSC was supposed to be implemented several years ago. However, No. 2 factory was one of the most successful models in using the BSC, as it had a high level of acceptance of changes. The taken-for-granted thought and action in No. 1 factory is more to take things as they are and there is no incentive to change. However, the taken-for-granted thought and action in No. 2 factory is “always to take a challenge”. Thus, the case

shows that the perception and actions of members of the organization can be shaped and influenced by existing institutions (Burns & Scapens, 2000). Existing institutions usually act as barriers to change (Schein, 1992) and the change process may take longer than it is expected because of the culture and political influence (Sharma & Lawrance, 2008). However, this is not universal, as No.2 factory shows, with its motto being consistent with changing.

The enacting process entails people in the organization performing routines (and following rules) in which institutional principles have been encoded (Burns & Scapens, 2000). In this case, the usage of the BSC differs in the headquarters' departments. The responsibilities of a few departments are unique and simple, and so the original four perspective pattern of the BSC adds some additional work to these departments. This caused deviation between what is required and what is actually done everyday. Moreover, the decreased usage of supplement forms which are included in original design of the BSC at headquarters entails that people's routine is enacted by institution.

This enacting process is also evident in the usage of the BSC at factory level. Although No.2 factory was claimed as model plant in use of the BSC, there is problem when the BSC was developed to personal level at Human Resource Department. It means the personal BSC was developed but hardly used. This is due to lack of resource for controlling and supervision of the usage of the BSC at the personal level. An employee from the Production Department mentioned that the BSC

lacked relevance to their day-to-day work. These all implicated that the lower level of factories are difficult to change.

In addition, there is a major problem in usage of the BSC in the factories. It is hard to separate the critical objectives into four perspectives, and then translate them into measures. Attempting to do so has caused misunderstanding and inconvenience. The performance assessment at factory level still partly follows the module-related system, which supposed to be replaced by the BSC. Thus, the routines that were enacted in the factories faced certain level of resistance and path-dependency to previous system that the factory used. All these findings from the factories indicate that the daily working activities are influenced by the existing institution.

The third process is reproduction of the routines by repeating behavior (Burns & Scapens, 2000). At headquarters, the change to the BSC was an evolving process. The template that headquarters used has changed significantly compared with original design. The procedures that are taken to formulate and implement the BSC have also changed. The template of the BSC being used now has evolved to a simple table which has embedded in staff's ordinary working life at headquarters.

There is major change in the usage of the BSC at factory level in 2010. Instead of the BSC's original four perspectives, measures are developed based on ten modules. The Knowledge Manager from the Management Department in headquarters said that the changes will be made for optimization of the operational procedures of the performance measurement system, but the principle of the BSC are not changed.

However, the routines that now exist in the factories are not the original rules and routines of the BSC. The modules which are similar to the system that the factories used before the implementation of the BSC, will replace the four perspectives of the BSC. Despite that the new system is based on the BSC principles, the assistant director of the Strategic Investment Department at headquarters criticised the new system for having no financial perspective. These changes can be traced back to the requirements and problems of the enacting, which are being reproduced.

The last process is to institutionalize the reproduced rules and routines by the behavior of the individual actors. The most significant advantage claimed for using the BSC in the Tsingtao Brewery is the improvement of understanding and focus of the company strategy. The BSC has been used at headquarters for about five years. Although there is some resistance from different areas of the organization, there is evidence of institutionalization of the BSC as seen in its continuous usage for the coming period.

(战略发展部部长助理) 现在大家对围绕 B S C 的步骤和沟通交流都比较熟悉了。例如，在战略规划的时候一些做法和以前不一样了，大家不会写很多东西，首先制定未来的三年目标是什么，围绕这个目标来衡量他们，做那些事情趋去实现这些目标，都安这种思路大家都清楚，战略目标是什么，然后具体要做哪些事情。

(Assistant Director of Strategic Investment Department) We have become used to the routines and communication procedures that are built on the BSC basis.

The way of making strategies is changed. Instead of writing so many things, we now first identify the targets. Then activities to achieve these targets will be indentified. By doing so, not only we can get a better understanding of the strategy, but also build a deeper knowledge of how to improve their performance, and relate to the company strategy.

The major communication procedures of drawing up the strategy map and the BSC within headquarters are shown in Figure 5. These behaviors are becoming taken-for-granted ways of doing things, and have become disassociated from historical behaviors. Therefore, these routines of the BSC are institutionalized (Burns & Scapens, 2000). However, what has institutionalized in the headquarters is not the same as what has institutionalized in the factories.

The BSC was supposed to have been implemented throughout the company by September 2006. New institutions did emerged, but only recognised at headquarters of the company. Factories will make another change of management accounting in 2010, and the BSC has not been used in sales companies by 2009. The absence of the BSC in sales companies and replacement of the BSC in the factories mean that the BSC is only partly institutionalized in Tsingtao Brewery.

5.2 *Loose coupling*

The resistance to change is embedded in different levels of Tsingtao Brewery. The majority of factories of the company have refused to change, possibly because of

“mental allegiance” to taken-for-granted way of thinking within existing routines and institutions (Burns & Scapens, 2000). The personal BSC was hardly developed and used because of the inability to control and use it at lower level of factory (Burns & Scapens, 2000). Moreover, resistance to change was found in some departments of the headquarters because of the conflicts of interest (Burns & Scapens, 2000).

Orton and Weick (1990) claimed that persistence, also known as resistance to change has widely discussed as a general organizational outcome of loose coupling. Modell (2003) also stated that the resistance is embedded in loose coupling at intra-organizational level. Collier (2001) described that loose coupling situation emerges when the accounting accommodates the institutional arrangement and technical demand. As mentioned above, loose coupling may occur at any level and any time within organizations (Orton & Weick, 1990). On one hand, loose coupling was reduced when the management accounting change adapted with the institution. It is evident of the BSC at headquarters evolved from a complicated format to a simple table format. On the other hand, loose coupling between rules and routines as embedded in the factories level has resulted high level of resistance. Although the adaptation was made to try to accommodate the institution that embedded in the historical ways of thinking and the new practices, using of the BSC system in the factories level still caused much inconvenience. Therefore, a further plan has been made to change to a modified module-related system similar to one used before. It has been claimed that the principles of the BSC are still included in this system. At headquarters, the evolving process of the BSC illustrates that the loose coupling issue

has reduced in certain levels. This is due to continuous contribution that has been made by the management level to adjust BSC to suit the institution. Therefore, during the process, the change and stability are embedded together in the systems (Burns & Scapens, 2000). Finally the routines of the BSC has institutionalized at headquarters.

Furthermore, the loose coupling between measures and day-to-day activities occur at both factories and headquarters. However, the headquarters has figured out a solution, which is the integration of the BSC and annual plan of the employees in 2010.

5.3 Formal vs Informal Management Accounting Change

Formal versus informal management accounting change is one of three dichotomies of the change process found in OIE (Burns & Scapens, 2000). This contrast is evident at the Tsingtao Brewery. The introduction of the BSC in the company was a formal management change, lots of research and preparation work was carried out before the implementation. In addition, a professional BSC consultancy (E-Gate) was hired to help the company design and implement the BSC in the initial year. Thus, the formal change was a “conscious design” by a powerful group to introduce new rules or actions (Burns & Scapens, 2000). In particular, changes are formally made at both headquarter level and factory level, because the new rules are formally introduced and raised and BSC templates are designed and developed.

The informal changes are changes that not intentionally formulated, and embedded in tacit level of practices. Burns and Scapens (2000) suggested formal management accounting change may fail if it ignores “change in ways of thinking”, which is the key element of informal change. The findings of this research show that there is lack of informal changes in the factories, especially at the lower level. The behaviors of people in the factories were still path-dependency on the system implemented before. It means the way of thinking did not change in the factories. The practices that are required by the new systems are hard to identify. Therefore, the contradiction occurred when there was lack of informal changes in the factories. Burns and Scapens (2000) also indicated resistance might arise while informal change drops behind formal change which can finally lead to failure of the implementation. In the factories, deviation between formal and informal changes cause contradiction between formally introduced rules and prevailing ways of thinking. In contrast, informal changes are located at headquarters with the evidence of participant of lower level staff in the procedure of formulating the departmental BSC and new strategy based thinking among headquarters. The consistency between the rules raised and routine embedded in activities leads the institutionalization at headquarters.

6. Conclusion

This research has examined the usage of the BSC in a Chinese SOE. In addition, it evaluated different evolving processes embedded in different parts of the company, mainly in headquarters and factory level. Institutional theory is used to explain and analyze the process of management accounting change, using primarily the theoretical framework developed by Burns and Scapens (2000).

From the analysis of the major findings, the fully conclusions can be made. First, there are three different factors which influenced the initial decision to adopt the BSC at Tsingtao Brewery, namely: increased competition, various internal requirements, and enthusiasm of top management team. These three factors can be grouped into the three categories of influencing factors defined by Mitchell and Innes (1990): Motivators, Catalysts, and Facilitators.

Second, it is evidenced that the Tsingtao Brewery is only partly institutionalized because the processes of management accounting change differ within various parts of organization. The existence of these differences is caused by different institutions embedded in headquarters and factories. At factory level, the areas of high level of resistance to change, the path-dependency issue was ignored. It means the managers did not realize that the former institutions are influencing the encoding process and are always being embedded with the new management practices in the organization. Loose coupling issue between rules and routines occurred in factories, staffs in the factories still prefer to stick to the routines which were developed by the former

management accounting system. The researcher could not identify informal change at the lower level of the factories. As a result, a new management accounting system which combines the previous module-related system with BSC principals is adopted in the factories in 2010. Although the loose coupling issue also existed in the headquarters, continuous efforts were made to accommodate the contradiction between technical demand of the BSC and prevailing institutions. Both formal and informal changes were embedded in the evolving process of the BSC at headquarters. The informal change is evidenced by the participation of lower level staff of the headquarters in the process of formulating the departmental and personal BSCs. This underpinned the informal way of change at headquarters. As a result, the new institution is formulated through the evolvement of management accounting change process at headquarters. In summary, the different institutions of headquarters and factories lead to different interactions between the rules and routines which influence the management accounting change in the organization.

This research is one of very few attempts to study management accounting change in a Chinese SOE, particularly in the context of using the BSC. It shows that despite its foreign origins, institutional theory is important for explaining the process and outcome of management accounting change in a Chinese setting. The low success rate of BSC implementation in Chinese companies may be explained by using the findings of this research. This research focuses on the internal institution, which is emphasized in OIE. However, external pressures institution is also very important in explaining the process of management accounting change. Therefore, future research about

management accounting change in China may focus not only on internal institution, but also on external institution. Combining internal and external institution in future research may provide a holistic view and better understanding of management accounting change in China. Furthermore, as the academic literature on the implementation of the BSC in eastern countries is scarce, this research adds some empirical evidence about the implementation of the BSC in China.

References

- Ahrens, T., & Chapman, C. S. (2006). Doing qualitative field research in management accounting: Positioning data to contribute to theory. *Accounting, Organizations and Society*, 31, 819-841.
- Alexander, L. D. (1985). Successfully implementing strategic decisions. *Long Range Planning*, 18(3), 91-97.
- Anderson, S., & Lanen, W. N. (1999). Economic transition, strategy and the evolution of management accounting practices: The case of India. *Accounting, Organizations and Society*, 24, 379-412.
- Atkinson, H. (2006). Strategy implementation: A role for the balanced scorecard? *Management Decision*, 44(10), 1441-1460.
- Beer, M., & Eisenstat, R. (2000). The silent killers of strategy implementation and learning. *Sloan Management Review*, 41(4). 29-40.
- Berkman, E. (2002). How to use the Balanced Scorecard; you can't tell when you're winning if you don't keep score. The Balanced Scorecard helps track your hits and misses. *CIO*, 15(15), 1-4.
- Bourne, M. (2002, August). The Emperor's new Scorecard. *Financial World*, pp.48-50.
- Brignall, S. (2003). The unbalanced scorecard: a social and environmental critique, available at:

www.environmental-center.com/articles/article1327/article1327.htm

(accessed 5 December 2005).

Bryman, A., & Bell, E. (2007). *Business research methods* (2nd Ed.). New York: Oxford University Press

Burns, J., & Scapens, R. W. (2000). Conceptualizing management accounting change: An institutional framework. *Management Accounting*, 11, 3-25

Burrell, G., & Morgan, G. (1979). *Sociological paradigms and organizational analysis: Elements of the sociology of corporate Life*. London: Ashgate.

Butler, A., Letza, S. R., & Neale, B. (1997). Linking the balanced scorecard to strategy. *Long Range Planning*, 30(2), 242-253.

Collier, P. M. (2001). The power of accounting: A field study of local financial management in a police force. *Management Accounting Review*, 12 (465-486).

Debusk, G. K., Brown, R. M. & Killough, L. N. (2003). Components and relative weight in utilization of dashboard measurement systems like the balanced scorecard. *British accounting Review*, 35(3). 215.

DiMaggio, P. J. & Powerll, W. (1983). The iron cage revisited: institutional isomorphism in organizational fields. *American Sociological Review*, 48(2), 147-160.

Drury, C., Braund, S., Osbourne, P., & Tayles, M. (1993). *A survey of management accounting practices in UK manufacturing companies*, London: Chartered Association of Certified Accountants.

Ezzamel, M., Lilley, S., & Willmott, H. (1993). *Changes in management practices in UK Companies*, London: CIMA.

Firth, M. (1996). The diffusion of managerial accounting procedures in the People's Republic of China and the influence of foreign partnered joint ventures. *Accounting, Organizations and Society*, 21(7/8), 629-654.

Gautreau, A., & Kleiner, B. H. (2001). Recent trends in performance measurement systems: the balanced scorecard approach. *Management Research News*, 24(3-4), 153.

Geng, J. (2009, August 27) 青岛啤酒股权保卫战落定 朝日承诺不做大股东 (The battle of Tsingtao Brewery stock protection end, Asahi promise not be largest shareholder). Retrieved from <http://money.163.com/09/0827/21/5HOKUM7T00253DVK.html>

Granlund, M., & Lukka, K. (1998). It's a small world of management accounting practices. *Journal of Management Accounting Research*, 10 (153-179).

Greatbanks, R., & Tapp, D. (2007). The impact of balanced scorecards in a public sector environment. *Production Management*, 27(8).

Grembergen, W. V., & Saull, R., & Haes, S. D. (2003). Linking the IT balanced scorecard to the business objectives at a major Canadian financial group: research note. *Journal of Information Technology Cases and applications*, 5(1), 46.

Huang, C.D., & Hu, Q. (2007). Achieving IT-business strategic alignment via enterprise-wide implementation of balanced scorecard. *Information Systems Management*, 24(2), 173.

Inamdar, N., Kaplan, R. S., & Reynolds, K. (2002). Applying the balanced scorecard in healthcare provider organizations. *Journal of Healthcare Management*, 47 (3), 179.

Innes, J., & Mitchell, F. (1990). The process of change in management accounting: some field study evidence. *Management Accounting Research*, 1, 3-19.

Ittner, C. D., & Larcker, D. F. (1998). Innovation in performance measurement: Trends and research implications. *Journal of Management Accounting Research*, 10, 205-238.

Johnson, H.T., & Kaplan, R.S. (1987). *Relevance Lost: The decline and fall of management accounting*, Boston: Harvard Business School Press.

Kaplan, R. S., & Norton, D. P. (1992). The balance scorecard: Measure that drive Performance. *Harvard Business Review*, 70(2), 71-79.

Kaplan, T. S., & Norton, D.P. (1996, Jan-Feb.). Using the balanced scorecard as a strategy management system. *Harvard Business review*, pp. 1-13.

Kaplan, R.S., & Norton, D.P. (2001). *The strategy-focused organization: How balanced scorecard companies thrive in the New Business environment*. Boston, MA: Harvard Business School Press

Kaplan, R.S., & Norton, D.P. (2004). *Strategy maps: converting intangible assets into tangible outcomes*, Boston, MA: Harvard Business School Press.

Kasurinen, T. (2002). Exploring management accounting change: The case of balanced scorecard implementation. *Management Accounting Research*, 13, 323-343.

Kloot, L., & Martin, J. (2000). Strategic performance management: a balanced approach to performance management issues in local government. *Management Accounting Research*, 11, 231-251.

Liu, X., Liu, B., Shishime, T., Yu, Q., Bi, T., & Fujitsuka, T. (2010). An empirical study on the driving mechanism of proactive corporate environmental management in China. *Journal of Environmental Management*, 71, 1707-1717.

Liu S. J. (2006, Jan, 13). Tsingtao Brewery Co., Ltd. Harvard Business Review.
Retrieved From

<http://hbr.org/product/tsingtao-brewery-co-ltd-a/an/905M63-PDF-ENG?Nt=t=Shengjun+Liu>

Lukka, K. (2007). Management accounting change and stability: loosely coupled rules and routines in action. *Management Accounting Research*, 18, 76-101.

Lyons, B., & Gumbus, A. (2004). How Unlever HPC-NA sold its employee on the balanced scorecard. *Strategic Finance*, 85(10), 40.

Malmi, T. (1997). Towards explaining activity-based costing failure: accounting and control in a decentralized organization manage. *Management Accounting Research*, 8, 459-480.

Marr, B. & Adams, C. (2004). The balanced scorecard and intangible assets: similar ideas, unaligned concepts. *Measuring Business Excellence*, 8(3), 18-27

McKinnon, J. (1989). Reliability and validity in field research: some strategies and tactics. *Accounting, Auditing and Accountability Journal*, 1(1), 34-54.

Modell, S. (2003). Goals versus institutions: the development of performance measurement in the Swedish university sector. *Management Accounting Research*, 14, 333-359.

Modell, S. Jacobs, K. Wiesel, F. (2007). A process (re)turn? Path dependencies, institutions and performance management in Swedish Central government. *Management Accounting Research*, 18, 453-275.

- Neely, A. (2003). Gazing into the crystal ball: the future of performance measurement, *Perspectives on Performance*, 2(2), 12-13.
- Nor-Aziah, A. K., & Scapens, R. W. (2007). Corporatisation and accounting change: The role of accounting and accountants in a Malaysian public utility. *Management Accounting Research*, 18, 209-247.
- Norreklit, H. (2000,March). The Balanced Scorecard—a critical analysis of some of its assumptions. *Management Accounting Research*, 65-88.
- O'Connor, N., & Feng, E. (2005). Using the balanced scorecard manage intangible assets in a sino-foreign joint venture. *Australian Accounting Review*, 15(2), 22.
- Olve, N., Roy, J., & Wetter, M. (1997). *Performance Drivers: A Practical Guide to Using the Balanced Scorecard*. UK: Wiley.
- Orton, J. D. & Weick, K. E. (1990). Loosely coupled systems: a reconceptualization. *Academy of Management Reviews*, 15, 203-223.
- Otley, D. (1999). Performance management: a framework for management control systems research. *Management Accounting Research*, 10. 363-382.
- Paranjape, B., Rossiter, M., & Pantano, V. (2006). Insight from the balanced scorecard performance measurement systems: successes, failures and future – a review. *Measurement Business Excellence*, 10(3), 4-14.

Patton, M. Q. (2002). *Qualitative evaluation and research methods* (3rd ed.).

Thousand Oaks, CA: Sage Publications.

Quattrone, P., & Hopper, T. (2001). What does organizational change mean?

Speculations on a taken for granted category. *Management Accounting Research, 12*, 403-435.

Ralston, D., Tong, J. T., Terpstra, R. H., Wang, X., & Egri, C. (2006). Today's

state-owned enterprises of China: are they dying dinosaurs or dynamic dynamos? *Strategic management Journal, 27*(9), 825-843.

Ryan, B. Scapens, R. W., & Theobald, M. (2002). *Research method and methodology*

in finance and accounting. London: Thomson

Scapens, R. W. (1994). Never mind the gap: towards an institutional perspective of

management accounting practices. *Management Accounting Research, 5*(3/4), 301-321.

Scapens, R. W. (2006). Understanding management accounting practices: A personal

journey. *British Accounting Review, 38*, 1-30.

Schein, E. (1992). *Organizational culture and leadership*, (2nd ed.). San Francisco,

Jossey-Bass, CA.

Schwarze, F., Wuellenweber, K., & Hackethal, A. (2007). Drivers and barriers to

management accounting change. *AAA 2008 Management Accounting*

Section Meeting Paper. Retrieved May 7, 2010, from
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1003371

Scott, J. (1990). *A matter of record*. Cambridge: Polity

Seo, M. G. & Greed, W. E. D. (2002). Institutional contradictions, praxis, and institutional change: a dialectical perspective. *Academy of Management Review*, 27 (2), 222-247.

Sharma, U., & Lawrence, S. (2008). Stability and change at FPTL: an institutional perspective. *Accounting & Tax Periodicals*, 18 (1), 25.

Siti-Nabiha, A.K. & Scapens, R. W. (2005). Stability and change: An institutionalise study of management accounting change. *Accounting, Auditing & Accountability Journal*, 18(1), 44.

Smith, C., Whipp, R., & Willmott, H (1998). Case study research in accounting; methodological breakthrough or ideological weapon? *Advances in Public Interest Accounting*, 2, 95-120.

Sulaiman, M., Ahmad, N.N. N., & Alwi, N. (2004). Management accounting practices in selected Asian counties: a review of the literature. *Managerial Auditing Journal*, 19(4), 493.

Tang, G., Gao, D., & Du, F. (2006). The adoption and usages of modern management Control systems in Chinese state-owned enterprises: a field study. Management Accounting Section Meeting. AAA 2007 Management

Accounting Section Meeting. Retrieved August 4, 2009, from
<http://ssrn.com/abstract=921417>

Tsingtao. *Brief introduction*. Retrieved July 25, 2009 from
<http://www.tsingtao.com.cn/>

Weick, K. E. (1976). Educational organizations as loosely coupled systems. *Admin, Sci.Q.*21, 1-19.

Williamson, O. E. (1975). *Markets and hierarchies: Analysis and Autitrust implications*. New York: Free Press,

Umashev, C. & Willett, R. (2008). Challenges to Implementing Strategic Performance Measurement Systems in Multi-Objective Organizations: The case of a Large Local Government Authority. *A journal of Accounting, Finance and Business Studies*, 44(4), 377-398.

Yin, R. K. (1991). *Case study research: Design and methods* (Rev.ed.). London: Sage.

Appendix: *Detail of documents*

File 1	<ol style="list-style-type: none"> 1. 青啤组织结构-Tsingtao Brewery organizational structure 2. 运用 BSC 成功实施青岛啤酒公司战略-The successful implementation of BSC in Tsingtao Brewery 3. 青岛啤酒战略管理模式-Tsingtao Brewery strategy management model
File 2	<ol style="list-style-type: none"> 1. 2009 职能部门目标责任书-2009 all functional department's goal responsibility document 2. 2009 各职能部门 BSC-2009 functional departments' BSCs 3. 2009 职能部门行政例会资料-BSC review meeting material 4. 2005 交流项目-2005 communication topics 5. 青啤平衡计分卡衡量指标跟踪模板-Tsingtao Brewery BSC measure review template 6. 青啤平衡计分卡战略举措跟踪模板-Tsingtao Brewery BSC strategic initiatives template 7. 青啤平衡计分卡执行跟踪计划—Tsingtao Brewery BSC project review plan 8. 部门需求调查表—Department Investigation form (example) 9. 青啤 BSC 衡量指标定义数据表—Tsingtao Brewery BSC measure definition form 10. 行动方案定义模板-Action plan template 11. 行动方案定义数据表— Action plan definition form 12. 战略重点，指标，目标值，行动方案草案-Strategy，Objectives，measures，targets，action plan summary

	<p>13. 指标档案 (确保一致性) 1-4-measures files</p> <p>14. 变革能力指数-Change capacity index</p> <p>15. 管理推进总部 BSC 确认-Company BSC</p> <p>16. 对各指标的解释-Explanation of measures</p> <p>17. 组织资本三大战略要素的指标设定与描述-Three strategy elements for designing and explaining of measures.</p>
File 3	四厂绩效管理实践介绍-The introduction of performance management in No 4 factory
File 4	青岛啤酒厂 2010 年目标绩效管理思路-Tsingtao Brewery 2010 performance management thinking
File 5	<p>1. BSC 项目计划 (战略发展部) -BSC project plan (strategic investment Dept)</p> <p>2. 建立战略性绩效管理系统项目启动会 E-gate-Tsingtao Brewery BSC meeting</p> <p>3. 青啤公司 B S C 项目启动会-Tsingtao Brewery BSC project launch meeting</p> <p>4. 基于平衡记分卡的企业人力资源管理绩效评估 -HR performance measurement based on the BSC</p> <p>5. 平衡记分卡简史-History about the BSC</p> <p>6. 平衡记分卡组织机构，管理流程及试运行情况介绍 -Review of BSC organizational structure, management procedures, trial operations</p> <p>7. 二厂战略图，平衡记分卡-No 2 factory strategy map ,the BSC</p> <p>8. 平衡记分卡推进计划-BSC promotion plan</p> <p>9. 编写部门使命，愿景，战略图和 BSC 相关模板和工具-Preparation of</p>

	departmental mission ,vision, strategy map and BSC related templates and tools
	10. BSC 衡量指标跟踪标回顾表的编制方法及使用要点-Review of BSC measure tracking standard and the key points for using
	11. 填写 M-data 和 I-data 表 编写部门 BSC 跟踪表-How to fill in table M-data and Table I-data and how to draw tracking table of the BSC
	12. 青岛啤酒股份有限公司平衡记分卡部门需求调查表—Tsingtao Brewery investigation table of the BSC
	13. 青岛啤酒二厂的使命与愿景-Mission and vision of No 2 factory
	14. 战略图及修改要素-Strategy map and modification key points
	15. 青岛啤酒品牌带动下的发展战略— The strategy driven by Tsingtao Brewery brand development
	16. 从战略图到平衡记分卡—From strategy to the BSC
	17. 平衡记分卡的基本要素-Key points of the BSC
	18. 运用平衡记分卡成功执行企业战略-Successfully executing strategy by implementing the BSC in the organization (E-gate)
	19. 公司副总裁在平衡记分卡培训会上针对三个问题做出说明-Instruction about the problems of the BSC claimed by vice president.
	20. 工厂平衡记分卡推进项目的粗浅认识-Implementation of the BSC in factories
	21. 平衡记分卡之启示-The revolution of the BSC.
	22. 平衡记分卡学习心得-The learning experience of the BSC
	23. 平衡记分卡管理者的重要武器-BSC-weapon of the management team
	24. 董事长针对 BSC 的讲话—CEO seminar about the BSC

	<p>25. 人力资源战略与规划，个人 BSC-HR personal BSC</p> <p>26. 人力资源部 BSC- HR BSC</p> <p>27. 指标责任部门分配表—Allocation of measures to responsible departments</p> <p>28. 工厂 BSC-No 2 Factory BSC</p> <p>29. 包装部 BSC-Packing Dept BSC</p> <p>30. 生产部 BSC-Production Dept BSC</p> <p>31. 财务信息部 BSC- Financial and information Dept BSC</p> <p>32. 部门对公司层面战略—Strategy from department to company</p>
File 6	<p>1. 企划部体系管理 2010 年度工作计划 (个人 BSC) -Management Department Annual Work Plan (personnel BSC)</p> <p>2. 企业策划总部平衡计分卡-Management Department BSC</p> <p>3. 知识管理 2010 年度行动计划-Knowledge Management Annual Action Plan</p> <p>4. 会议卡片清单-Meeting list</p> <p>5. 职能战略执行回顾会汇报材料-Functional strategy execution review meeting material</p> <p>6. 记者访谈青岛啤酒知识管理-Interview about Knowledge Management in Tsingtao Brewery</p> <p>7. 企业策划总部年度计划(个人 BSC)—Management Department Annual Work Plan (personnel BSC)</p> <p>8. 战略执行监控检查流程—Strategy implementation monitoring inspection process</p>

